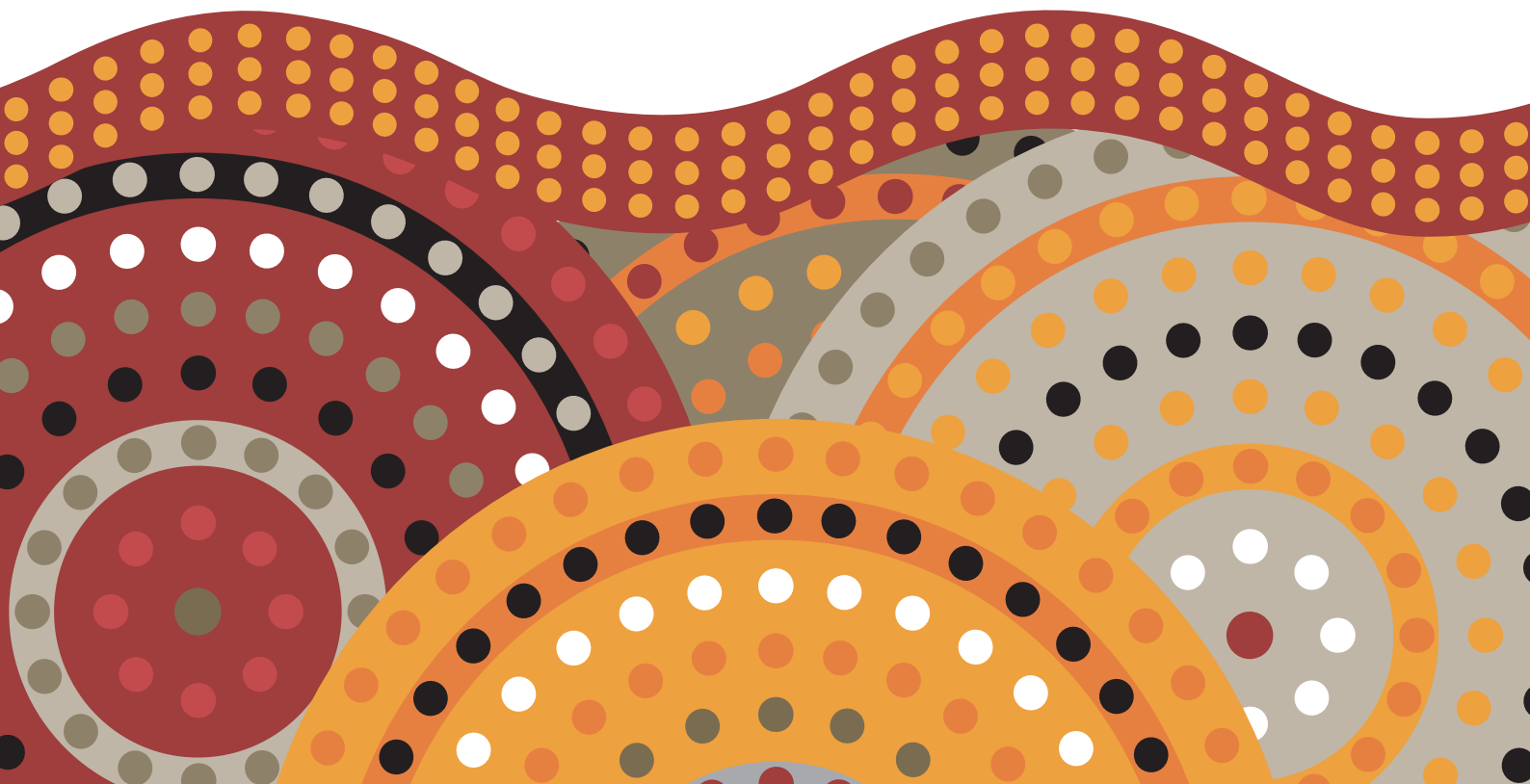


Barramundi  
LANDING TOMORROW'S TROPHIES

# ANNUAL REPORT

30 JUNE

— 2022 —



## CONTENTS

- 03 About Barramundi
- 06 Directors' Overview
- 10 Manager's Report
- 16 The STEEPP Process
- 18 Barramundi Portfolio Stocks
- 27 Board of Directors
- 28 Corporate Governance Statement
- 35 Directors' Statement of Responsibility
- 36 Financial Statements
- 55 Independent Auditor's Report
- 59 Shareholder Information
- 61 Statutory Information
- 64 Directory

## CALENDAR

Next Dividend Payable

23 SEPTEMBER 2022

Annual Shareholders' Meeting  
Ellerslie Event Centre, Auckland  
10:30am

14 OCTOBER 2022

Interim Period End (1H23)

31 DECEMBER 2022

## ABOUT BARRAMUNDI

**Barramundi Limited** (“Barramundi” or “the Company”) is a listed investment company that invests in growing Australian companies. The Barramundi portfolio is managed by **Fisher Funds Management Limited** (“Fisher Funds” or “the Manager”), a specialist investment manager with a track record of successfully investing in quality, growth companies. Barramundi listed on NZX Main Board on 26 October 2006 and may invest in companies that are listed on an Australian stock exchange (with a primary focus on those outside the top 20 at the time of investment) or unlisted companies.

## INVESTMENT OBJECTIVES

The key investment objectives of Barramundi are to:

- achieve a high real rate of return, comprising both income and capital growth, within risk parameters acceptable to the directors; and
- provide access to a diversified portfolio of Australian quality, growth stocks through a single tax efficient investment vehicle.

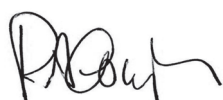
## INVESTMENT APPROACH

The investment philosophy of Barramundi is summarised by the following broad principles:

- invest as a medium to long-term investor exiting only on the basis of a fundamental change in the original investment case;
- invest in companies that have a proven track record of growing profitability; and
- construct a diversified portfolio of investments, based on the ‘STEEPP’ investment criteria (see pages 16 and 17).

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This report is dated 6 September 2022 and is signed on behalf of the Board of Barramundi Limited by Andy Coupe, Chair, and Carol Campbell, Director.



Andy Coupe, Chair



Carol Campbell, Director

## AT A GLANCE

For the 12 months ended 30 June 2022

Net loss	Gross performance return	Total shareholder return	Adjusted NAV return
-\$34.6M	-15.3%	-23.5%	-16.2%

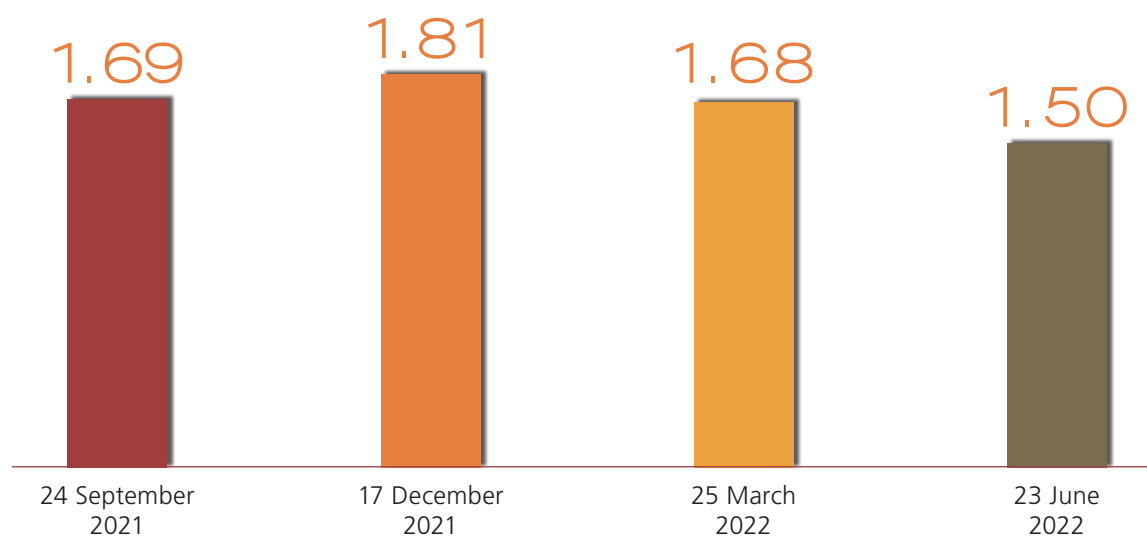
As at 30 June 2022

Share price	NAV per share
\$0.77	\$0.64

## DIVIDENDS PAID

Dividends paid during the year ended 30 June 2022 (cents per share)

Total for the year ended 30 June 2022 – 6.68 cents per share (2021: 6.00 cps)



# LARGEST INVESTMENTS

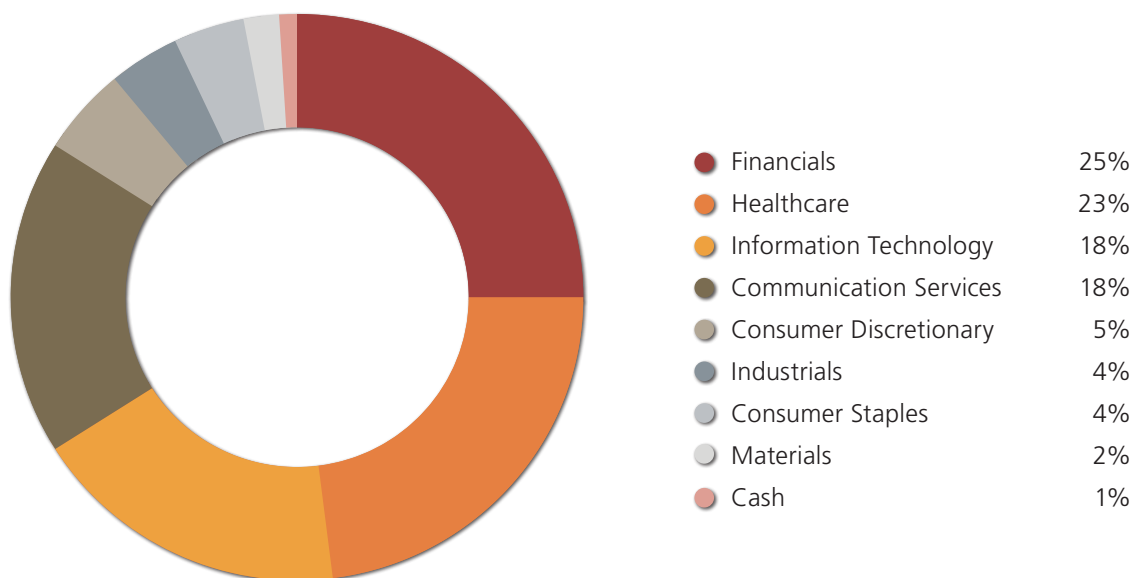
As at 30 June 2022

CSL Limited	Carsales.com	Wisetech	Commonwealth Bank	AUB Group
10%	7%	6%	5%	5%

*These are the five largest percentage holdings in the Barramundi portfolio. The full Barramundi portfolio and percentage holding data as at 30 June 2022 can be found on page 15.*

# SECTOR SPLIT

As at 30 June 2022



# DIRECTORS' OVERVIEW



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**Andy Coupe**  
Chair

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“Barramundi has experienced a very challenging year, with the company recording a net loss after expenses, fees and tax of \$34.6m for the 2022 financial year.”

For the 2022 financial year, the Barramundi portfolio recorded a net loss, after expenses, fees and tax of \$34.6m, which equated to an adjusted NAV return of -16.2%<sup>1</sup>. Barramundi's gross performance return was -15.3%<sup>2</sup>, considerably behind the Company's benchmark (S&P/ASX 200 Index (hedged 70% to NZD) of -5.3%<sup>3</sup> for the 12-month period to 30 June 2022.

Share market investors are experiencing a very challenging period, as global uncertainty about the ongoing implications of Covid, inflationary concerns, and political uncertainty in Europe (Russia's invasion of Ukraine) have dominated market sentiment. Inflation, increasing interest rates, and supply chain issues have created cost pressures, while the Ukraine/Russia conflict has pushed up commodity prices. This market backdrop, combined with a fall in consumer confidence, has seen defensive stocks (utilities) and cyclical stocks (energy and banks) favoured over quality growth companies, which has in turn placed downward pressure on the stocks in the Barramundi portfolio. The Manager has continued to carefully monitor all investments in the portfolio, and their belief in the soundness of the portfolio is reflected in their accompanying report.

Barramundi shareholders have seen a weakening of the share price over the course of the 2022 financial year, with the share price falling 30%. As a result, the total shareholder return, which includes the change in share price, dividends paid per share and the impact of warrants, was -23.5%<sup>4</sup>, well down from the +83.3% reported for the prior 2021 financial year.

It is always disappointing to report a negative return for any reporting period. However, share markets tend to be forward looking and the broad sell-off in Australian and global shares that we've observed over the course of 2022 is reflective of the expectation that hard economic times lie ahead. In the Manager's view, the market is incorrectly applying this assessment to all companies, however not all companies will be affected in the same way by these economic woes and there are opportunities for active investors.

## REVENUES AND EXPENSES

The 2022 net loss comprised losses on investments of \$36.4m, dividend and interest income of \$3.8m, less operating expenses and tax of \$2.0m. Overall operating expenses were \$3.0m lower than the previous year, mainly due to lower management fees and the prior year's operating expenses included a performance fee.

The management agreement fee rebate formula has reduced the Barramundi annual management fee from 1.25%pa to 0.75%pa, a saving of \$1.0m<sup>5</sup>. This adjustment occurred as the gross performance return of the Barramundi portfolio for the year was 19.4 percentage points below the change in the S&P/NZX Bank Bill 90 day index for the year of 0.8%.

## DIVIDENDS

The Barramundi directors have maintained the Company's distribution policy of 2% of NAV per quarter. The directors recognise that the regularity of the tax-effective quarterly dividends is important for many shareholders. Over the 12-month period to 30 June 2022, Barramundi paid 6.68 cents per share in dividends.

The next dividend will be 1.36 cents per share, payable on 23 September 2022 with a record date of 8 September 2022.

Barramundi has a dividend reinvestment plan which provides ordinary shareholders with the option to reinvest all or part of any cash dividends in fully paid ordinary shares. Full details of the dividend reinvestment plan<sup>6</sup> can be found in the Barramundi Dividend Reinvestment Plan Offer Document, a copy of which is available at [www.barramundi.co.nz/investor-centre/capital-management-strategies/](http://www.barramundi.co.nz/investor-centre/capital-management-strategies/).

## WARRANTS

On 29 October 2021, warrant holders had the option to convert their warrants into ordinary shares at an exercise price of \$0.64 per warrant. On the same day, Barramundi shares were trading on-market at \$1.02, a 59% premium to the exercise price. Warrant holders took advantage of this discount, with 48.1m warrants out of a possible 52.5m warrants (92%) being converted into ordinary

<sup>1</sup> The adjusted NAV (net asset value) return is the percentage change in the adjusted net asset value, (being the underlying performance of the investment portfolio adjusted for dividends (and other capital management initiatives) and after expenses, fees and tax).

<sup>2</sup> Gross performance return – the Manager's portfolio performance in terms of stock selection & currency hedging before expenses, fees and tax. It is an appropriate return measure for assessing the Manager's performance against an index or benchmark.

<sup>3</sup> S&P / ASX 200 index (hedged 70% to NZ\$).

<sup>4</sup> Total shareholder return - the return combines the share price performance, the warrant price performance, the net value of converting any warrants into shares, and the dividends paid to shareholders. It assumes all dividends are reinvested in the Company's dividend reinvestment plan, and that shareholders exercise their warrants, (if they were in the money), at warrant expiry date.

<sup>5</sup> The management fee reduces by 0.10% for each 1.0% pa that the gross return (expressed as a percentage of the gross asset value at the beginning of the financial year) achieved on the portfolio, is less than the change in the S&P/NZX Bank Bill 90 Day Index over the year, down to a minimum management fee of 0.75%pa.

<sup>6</sup> Participation forms for the Dividend Reinvestment Plan (DRP) can be obtained by contacting either Barramundi or Computershare Investor Services Limited.

## DIRECTORS' OVERVIEW CONTINUED

shares. The new shares were allotted to warrant holders on 3 November 2021. The additional funds were invested during November 2021 in the investment portfolio's stocks, in similar proportions to the existing portfolio.

On 16 May 2022, 66.7m new warrants were allotted. One new warrant was issued to eligible shareholders for every four shares held on the record date (13 May 2022). The warrants are exercisable on 26 May 2023 at \$0.89 per warrant, adjusted down for dividends declared during the period up to the announcement of the 26 May 2023 exercise price.

### SHARE BUYBACKS

Share Buybacks<sup>7</sup> are another part of Barramundi's capital management programme. Under the Share Buybacks Policy, share buybacks only occur when the share price to NAV discount exceeds 8%. During the 12 months to 30 June 2022 there were no share buybacks (FY21:Nil).

### ANNUAL SHAREHOLDERS' MEETING

The 2022 annual shareholders' meeting will be held on Friday 14 October 2022 at 10:30am at the Ellerslie Event Centre in Auckland and online. All shareholders are encouraged to attend, with those who are unable to attend either form of the meeting invited to cast their vote on the Company resolutions prior to the meeting.

### DIRECTOR RETIREMENT – ALISTAIR RYAN

After 10 years as Chair of Barramundi Limited, Alistair Ryan has retired from the board, effective from 31 May 2022. In that time he has overseen changes in both the board and portfolio manager, and importantly, changes

to the management agreement with Fisher Funds which have benefited shareholders. Alistair has been a popular and much respected Chair and we wish him well in his retirement.

### DIRECTOR ELECTION – FIONA OLIVER

The board has appointed Fiona Oliver as an independent director, with effect from 1 June 2022. In accordance with the Barramundi constitution and NZX Listing Rules, Fiona will stand for election at this year's Annual Shareholders' Meeting. The board unanimously supports Fiona's election.

### CONCLUSION

The 2022 financial year has been a challenging period for Barramundi and one that has seen a significant sell-off on the Australian share market and across all global share markets. Changeable market conditions, like those experienced over the period, continue to reinforce the Manager's strategy of focusing on well-managed, quality businesses, whose sustainable competitive advantages enable them to adapt and respond to an ever-changing environment over the medium to long term.

We would like to thank you for your continued support and look forward to seeing many of you at the annual meeting on 14 October.

On behalf of the board,



Andy Coupe, **Chair**  
Barramundi Limited  
6 September 2022

## COMPANY PERFORMANCE

FOR THE YEAR ENDED 30 JUNE	2022	2021	2020	2019	2018	5 YEARS (ANNUALISED)
Total Shareholder Return	-23.5%	83.3%	21.6%	15.5%	10.1%	16.8%
Adjusted NAV Return	-16.2%	37.6%	10.6%	5.6%	22.6%	10.6%
Dividend Return <sup>1</sup>	7.1%	6.6%	8.5%	8.8%	8.9%	-
Net (Loss) / Profit	(\$34.6m)	\$52.3m	\$12.5m	\$7.4m	\$20.5m	-
Basic Earnings per Share	-13.99cps	24.82cps	6.44cps	4.40cps	12.99cps	-
OPEX Ratio	1.2%	3.3%	2.0%	2.0%	3.7%	-
OPEX Ratio (before performance fee)	1.2%	1.7%	1.8%	2.0%	1.8%	-

AS AT 30 JUNE	2022	2021	2020	2019	2018
NAV (as per financial statements)	\$0.64	\$0.87	\$0.68	\$0.69	\$0.71
Adjusted NAV	\$2.17	\$2.59	\$1.89	\$1.70	\$1.61
Share Price	\$0.77	\$1.10	\$0.69	\$0.63	\$0.60
Warrant Price	\$0.025	\$0.35	-	\$0.02	-
Share Price (Premium)/Discount to NAV <sup>2</sup>	(21.9%)	(36.8%)	(1.5%)	8.7%	15.5%

<sup>7</sup> Shares purchased under the buyback programme are held as treasury stock and subsequently reissued to shareholders under the dividend reinvestment plan.





## PORTFOLIO PERFORMANCE

FOR THE YEAR ENDED 30 JUNE	2022	2021	2020	2019	2018	5 YEARS (ANNUALISED)
Gross Performance Return	-15.3%	41.6%	13.5%	10.0%	24.3%	13.2%
Index <sup>3</sup>	-5.3%	28.1%	(6.6%)	10.2%	14.9%	7.5%
Performance Fee Hurdle <sup>4</sup>	7.8%	7.3%	8.2%	9.0%	9.0%	

NB: All returns have been reviewed by an independent actuary.

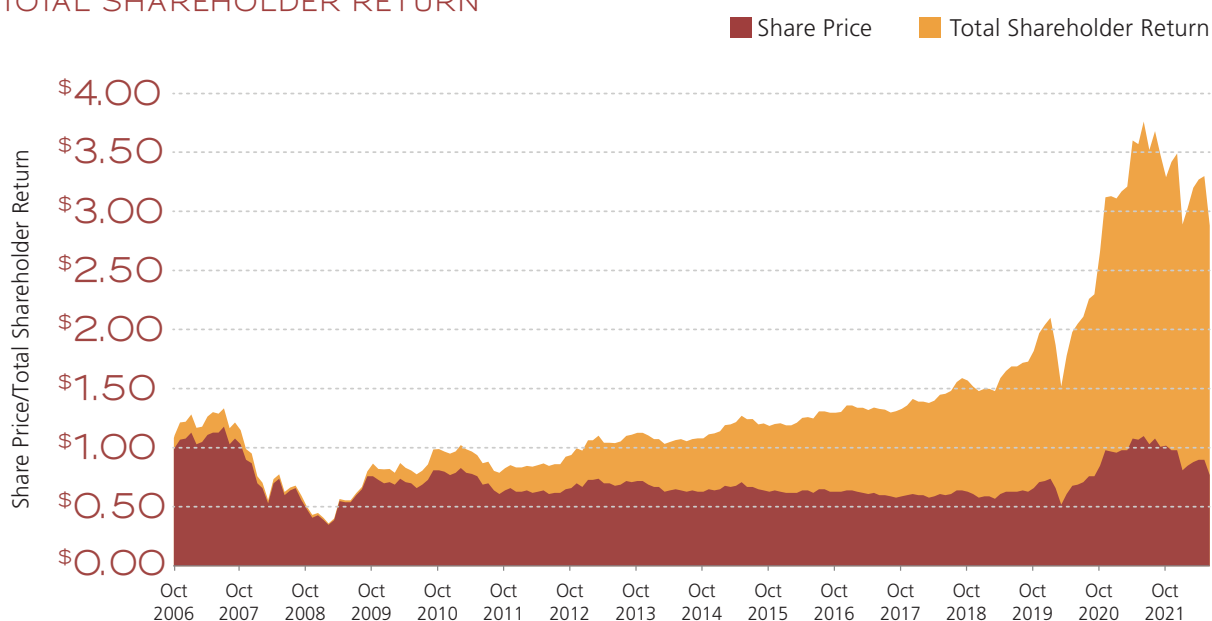
<sup>1</sup> Barramundi's dividend return is calculated by dividing the dividends paid in a given year by the average share price for that year. (The dividend policy of paying a quarterly dividend that is 2% of average NAV has been consistently applied).

<sup>2</sup> Share price (premium)/discount to NAV (including warrant price on a pro-rated basis).

<sup>3</sup> Index: S&P/ASX 200 index (hedged 70% to NZ\$) from 1 October 2015. Returns shown gross in NZ\$ terms.

<sup>4</sup> The performance fee hurdle is the Benchmark Rate (NZ 90 Day Bank Bill Index +7%).

## TOTAL SHAREHOLDER RETURN



## NON-GAAP FINANCIAL INFORMATION

Barramundi uses the following non-GAAP measures:

- adjusted net asset value – the underlying value of the investment portfolio adjusted for dividends, (and other capital management initiatives) and after expenses, fees and tax,
- adjusted NAV return – the percentage change in the adjusted net asset value,
- gross performance return – the Manager's portfolio performance in terms of stock selection and currency hedging before expenses, fees and tax,
- total shareholder return – the return combines the share price performance, the warrant price performance, the net value of converting any warrants into shares, and the dividends paid to shareholders. It assumes all dividends are reinvested in the Company's dividend reinvestment plan, and that shareholders exercise their warrants, (if they were in the money), at warrant expiry date,
- OPEX ratio – the percentage of Barramundi's assets used to cover operating expenses, excluding tax and brokerage, and
- dividend return – how much Barramundi pays out in dividends each year relative to its average share price during the period. (Dividends paid by Barramundi may include dividends received, interest income, investment gains and/or return of capital).

All references to the above measures in this Annual Report are to such non-GAAP measures. The calculations applied to non-GAAP measures are described in the Barramundi Non-GAAP Financial Information Policy. A copy of the policy is available at <http://barramundi.co.nz/about-barramundi/barramundi-policies/>.

# MANAGER'S REPORT



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**Robbie Urquhart**  
Senior Portfolio Manager

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“The difficult global backdrop has made for a tough year for Barramundi.”





## SUMMARY AND MARKET REVIEW

The past financial year has been a tough one for the Australian share market. The ASX200 benchmark index fell -5.3% over the year (70% hedged into NZ\$). It has been a particularly difficult year for Barramundi which delivered a gross performance (return before expenses, fees and tax) of -15.3%.

The financial year started positively with the ASX200 Index rising 4% in the six months to December 2021. The worst effects of the COVID pandemic seemed to be receding. Interest rates were close to all-time lows. Relative to other asset classes, equities looked attractive. This buoyed the share market, and helped around 200 new companies to list on the ASX in the 2021 calendar year – the highest number of listings on the ASX since 2007.

Nearing Christmas, clouds emerged on the horizon. The Omicron COVID wave took off in November. This put the brakes on the economic recovery and the re-opening of borders. It prolonged the significant disruption companies and economies were experiencing.

Disrupted supply chains together with the significant pandemic related monetary and fiscal stimulus conspired to drive inflation sharply higher. This was further exacerbated in early 2022 when Russia attacked Ukraine, which drove energy prices a lot higher.

Central banks responded by withdrawing monetary stimulus. Having indicated that it would leave the cash rate at 0.1% until 2024 at the earliest, the Reserve Bank of Australia ("RBA") did an about face on guidance and at the time of writing, the cash rate was at 1.85%. More interest rate hikes are likely. This change in policy drove the Australian 10yr Government bond rate sharply higher from a low of 1.08% in August 2021 to a high of 4.2% in June 2022.

Higher interest rates have led to concerns that this could precipitate a recession given Australian households, like NZ households, are highly indebted. Alongside the prospect of falling house prices, these rising interest rates could crimp their discretionary expenditure.

This put the skids under the share market in the second half of the financial year and the ASX200 fell -9% from January through to 30 June. Over the 12 months to 30 June, only the Utilities (+29%) and Energy (+25%) sectors finished strongly higher. Rising interest rates have an amplified effect on the discounted value of the cash flows of fast growing companies because the bulk of their future cash flows are realised many years into the future. This dynamic weighed on the Information Technology sector which fell 39% over the year. This issue is particularly acute when interest rates rise a lot over a short period of time such as we have experienced recently. If interest rates rise over longer time frames, it gives the growth in earnings of fast growing companies the opportunity to catch up and offset some of this impact.

As tough as this year has been and as unsettling as share market volatility is, these periods do present longer-term investors with opportunity. In this report, I discuss why I think our high quality portfolio companies are well placed to weather this storm. I also elaborate on what we have been doing to take advantage of the opportunities presented by this share market downturn and why I think it positions our portfolio to perform well in the medium to longer term.

## THE BARRAMUNDI PORTFOLIO YEAR IN REVIEW

After a strong first six months, Barramundi fell sharply through the second half of the year, delivering a very disappointing -15.3% gross performance return for the financial year.

This reversal in fortunes was caused by a combination of the factors discussed above and some company specific challenges which exacerbated their poor performance.

As discussed below, this has been a painful period for Barramundi. There are always lessons that we learn from these tough experiences. That said, on the whole our portfolio companies are performing well operationally. In our view, the management teams are acting prudently, whilst remaining focused on running their businesses with long-term value creation in mind.

We believe this will pay off for Barramundi investors in time.

### A tough year for high growth, high multiple companies

As alluded to in the market review above, share prices of our fast growing businesses that trade on high near-term earnings multiples performed poorly (given the majority of cash flows will be generated further into the future).

Share prices of accounting and logistics software providers **Xero** (-44%) and **Wisetech** struggled. Wisetech was our best performing company, rising 19% in the year. This masks the fact that after delivering superb financial results in August 2021 in which its profits grew well in excess of revenue growth, its share price rose 84% in the six months to December. It then promptly fell 35% in the following six months due to the valuation impact of rising interest rates on high growth companies. Both Xero and Wisetech have had a good year with strong financial results. Wisetech again upgraded its profit guidance shortly after year end in July 2022.

The share price of insurance claims software provider **Fineos** fell 62% (in A\$ for the year). Disinfection technology company, **Nanosonics'** share price fell 43%. Fineos, our worst performing company, had a disappointing year operationally which compounded its poor performance over and above the negative impact of rising interest rates. This seems like a curious statement to make for a company that guided to

## MANAGER'S REPORT CONTINUED



growing its subscription revenue by 30% in the year. Despite this growth, Fineos disappointed the market because of a lack of new insurance client wins during the year. This is a key metric investors are focussed on. Part of this issue is out of Fineos' control. Insurance companies in both Australia and the US, key markets for Fineos, have tightened their budgets. They have been slower to move to cloud-based software systems than expected.

Fineos provides critical software to its customer base. Technological demands will continue to force its customers to move their administration systems to the cloud. When they do, Fineos should benefit. But patience on our part is required.

Nanosonics similarly disappointed the market when it issued a profit warning in February. In this case we thought the market overreacted. The profit warning is related to Nanosonics' decision to distribute its products directly to customers in the US, rather than through a 3rd party. This is impacting near-term revenue as the distributor runs down its inventory ahead of the change. But the move to a direct sales model gives Nanosonics greater control over its customer relationships. This is strategically sensible. It does not impair Nanosonics longer-term growth potential.

These 'high growth, high multiple' companies, Wisetech, Xero, Fineos, and Nanosonics – have sound balance sheets. Xero has plenty of financial resources to fund its growth. Fineos sensibly raised equity during 2021 to help fund its growth agenda. Along with Nanosonics, it is debt free and has a significant cash balance as well. This means none of them are required to raise equity with their share prices at these lower levels. This is helpful for protecting long-term shareholder value. It puts these companies in a good position to keep investing for growth and for their share prices to rebound strongly as market conditions improve.

### **Businesses with earnings closely tied to the economic cycle also had a challenging year**

Through our STEEPP investment process we have a preference for high quality businesses that can grow earnings under their own steam over time. This reduces our portfolio's reliance on the underlying strength of the economy in order to do well. **CSL**, for example, will sell blood therapy products to patients in good or bad economic times because they are critical products for those patients.

In constructing the portfolio, there is a balancing exercise to ensure there is reasonable diversification across portfolio companies. In striking a balance, some of our companies earnings profiles do correlate more closely to growth in the general economy than others – even if they are growing structurally over time.

These more 'cyclical' growth companies can be challenging to manage from a portfolio perspective. With these companies, the market can overshoot in extrapolating recent earnings trends (whether up or down). This can result in share prices similarly overshooting even if the longer-term share price performance is favourable.

Glove manufacturer **Ansell** is a case in point. During the peak of the pandemic, Ansell's gloves and personal protective equipment ("PPE") was in high demand. Its earnings skyrocketed. In line with this, Ansell's share price rose 34% from pre-COVID levels to its peak in 2021.

In response to PPE shortages, new manufacturing capacity was added by competitors. This coincided with waning demand for PPE as the pandemic began easing. At the same time, the global supply chain constraints put the brakes on industrial manufacturing which in turn hampered demand for Ansell's industrial protective gloves. As Ansell's earnings began falling, its share price followed and it fell 47% in the year ending June 2022.

This sort of earnings (and hence share price) volatility highlights the importance of being mindful when it comes to investing and sizing cyclical companies 'through the cycle'. It also highlights the importance of being measured in responding to the market's (over)reaction to swings in earnings – especially if the company has a durable competitive advantage.

Our view is that Ansell is a well-run glove manufacturer with a moderate economic moat predicated on scale. It is typically the #1 or #2 manufacturer in each segment that it operates in. It will experience wide cyclical swings in demand and capacity. But its longer-term earnings growth and ability to earn a decent return on money reinvested in the business is intact. We believe its share price prospects from here are attractive.

Other companies with good longer-term growth prospects but whose share prices have been impacted by concerns about a cyclical downturn include outdoor advertising company **oOH!Media** (-30%) and employment and real estate classified advertising businesses **SEEK** (-36%) and **REA** (-33%). In each of these cases, we think the longer-term earnings power and return prospects of these businesses is strong.

### **Pleasant to see companies continuing to invest in their future – even in uncertain times**

As long-term focused investors, it is pleasing when we see our portfolio companies running their companies and investing with long-term value creation in mind. Even though capital markets have become trickier over the last year, we've seen three of our companies step forward and complete strategically sound acquisitions.

**CSL** (-5%) spent A\$16.4bn in December 2021 acquiring a Swiss pharmaceutical company (Vifor) specialising in nephrology, dialysis and iron deficiency therapies. This complements and further diversifies CSL's earnings base. In June, **Carsales** (-2%) bought out the remaining 51% of a US classified advertising business it didn't own. This gives it full control over operations, enabling it to expedite the growth agenda at its new subsidiary. Having acquired a 49% share in May 2021, Carsales had sensibly spent a year working in partnership with the management team and scoping out the cultural fit of the organisation before acquiring the remaining 51%.

In May 2022, **AUB Group** (-17%) acquired Tysers, a London-based Lloyd's wholesale insurance broker, for A\$880m. This is a large acquisition for AUB. Having spent time with management, we are comfortable with both the price paid for the business and the strategic rationale of the acquisition. Although the market seems like it will take time to give AUB the benefit of the doubt for the acquisition, we see significant upside in AUB's share price should it achieve its objectives.

CSL, Carsales and AUB all raised equity to help fund these acquisitions and we were happy participating in each capital raising.

We are supportive of complementary acquisitions that make sense and add value. However, we do have a general preference for our companies to grow through reinvesting their profits in their own, core businesses.

On this score, we were similarly pleased with our portfolio companies during the year. Xero, for example, spent \$470m in research and development ("R&D") in the year – the seeds of its future growth. CSL spent around \$1bn in R&D outside of the Vifor acquisition. New addition to the portfolio, Cochlear has also continued spending around 12-16% of sales in future growth initiatives.

**Brambles** (-4%), which performed relatively well, has also stepped up investment in its own business. Separately, Brambles exercised discipline in electing not to spend its money on a new plastic pallets venture with key US customer Costco. Having spent money and time exploring this venture for years, the temptation to proceed must have been high.

The relentless focus by these companies on investing in long-term growth and shareholder value creation is a key feature of our assessment of management teams (the first P for 'People' in our STEEPP process) and their track records (T in STEEPP). They can only do this if these businesses themselves are in sound shape and do not have excessive debt, especially in a rising interest rate environment. Likewise, they require a strong economic moat around the business in order to be able to lift prices to help offset cost increases in times of inflation and provide the cash flow necessary to fund this

investment for growth.

Knowing that our portfolio companies have these characteristics, and that they do 'invest through the cycle', also gives us a lot of comfort owning shares in them during tough years such as FY 2022. We never know exactly when the market will recognise the value created by this sound company stewardship. But we know that at some point it will be recognised. This gives us confidence in the medium to long-term outlook for Barramundi portfolio companies.

## KEY PORTFOLIO CHANGES IN THE YEAR

We added **Macquarie Group** to our portfolio in December. It has a distinctive, high performance culture and a track record that includes over 50 years of unbroken profitability. Macquarie has grown from humble beginnings into a high-quality diversified financials business with the majority of its income earned internationally. Over time, it has deliberately developed expertise and focused on investing in fast growing areas of the global economy such as growth in renewable energy generation. This leaves it with a long growth runway ahead.

### Recent share market pessimism presents great investment opportunities – for patient investors

With the share market weakness broad based across multiple sectors, we have been scouring through high quality companies whose share prices we think have been unduly punished in this environment – businesses whose potential over the next 3-5 years is being underestimated by the market because it is so focused on how they may be impacted by near-term uncertainty.

Given our portfolio itself is comprised of good quality businesses, we have unsurprisingly found a number of these opportunities within our existing portfolio companies. Over the last six months we've added to the likes of AUB Group, Credit Corp, CSL, Domino's Pizza, Nanosonics, oOH!Media, and REA Group.

We also took advantage of the share market pessimism to add two new companies to the portfolio, Cochlear (in January) and James Hardie (in June).

To help fund all these purchases, we've reduced our shareholdings in the major Australian banks (not Macquarie). We have sold our entire Sonic Healthcare position. We think the Australian banks and Sonic are sound businesses. However, we think the potential from here is better for the shares of the companies we have been buying. In re-weighting our portfolio, we think these decisions put the portfolio in an even better position to do well over the next few years while still maintaining an appropriate degree of diversification.

## MANAGER'S REPORT CONTINUED

With 60-70% global market share, **Cochlear** is the market leader in the severe and profound hearing-impaired device market. The market opportunity is large, offering Cochlear many years of growth. In January, Cochlear's share price ended up 30% lower than its 2021 peak price on concerns that the COVID pandemic would hamper the number of implants completed in the near term, due to hospital access restrictions. We were delighted to grasp this opportunity to add Cochlear to our portfolio.

**James Hardie** is the global leading manufacturer of fibre cement planks which are used to clad the outside of timber framed homes. It invented the fibre cement product in the 1980s, and took this technology to the US. Today, fibre cement makes up over 20% of the cladding market in America. James Hardie has a 90% share of this category. It is also dominant in Australia.

James Hardie benefits from the size (scale) of its manufacturing facilities. And its growth runway is long. Fibre cement is likely to continue displacing other siding materials, such as vinyl, for years to come.

By June, fears that rising interest rates in the US will result in a recession and a downturn in the housing market has seen James Hardie's share price fall over 40% since the start of the year.

We used this opportunity to add James Hardie to our portfolio. Its near-term earnings are likely to be impacted by the challenging outlook. However, we think its earnings will recover and grow strongly over the medium term. We think we will be well rewarded over that longer-term time frame by buying the shares today.

### INVESTMENT SUMMARY AND OUTLOOK

The challenges that plagued share markets in the final six months of the financial year, being: inflation, higher interest rates, and recession uncertainty, will be with us for a while. Disruption to supply chains, whilst showing signs of easing, will also take time to completely subside.

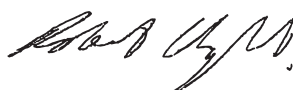
Share prices have fallen to reflect these challenges. We don't know if further near-term downside awaits share markets, or if all the bad news is reflected in current pricing. However, companies are finding ways to adjust and deal with these challenges. Similarly, the world economy will also continue to adjust and move forward.

Compared to a number of developed countries, Australia remains in a strong position to weather these challenges. Buoyed by resilient commodity exports, the economy is performing relatively well. High debt in the household sector poses some risks, especially with the RBA hiking interest rates, and this will need to be monitored.

Given this backdrop, as we look forward over the next few years we think high quality companies – those with pricing power to offset rising cost pressures – will prove to be more resilient.

Specific to Barramundi, our portfolio companies are focussed on the long-term game. We are seeing evidence of them lifting prices to combat inflation. Xero, Resmed, Brambles, James Hardie and Audinate, for example have all pushed through decent price increases recently. Our companies are also investing for their future, they're not freezing in the face of these challenges.

In short, high quality businesses with strong balance sheets, such as we have in the Barramundi portfolio, will likely do well over the medium to longer-term and we remain confident in their prospects.



**Robbie Urquhart, Senior Portfolio Manager**  
**Fisher Funds Management Limited**

6 September 2022

*The information in this Manager's Report has been prepared as at mid-August 2022. The information has been prepared as a general summary of the matters covered only, and it is by necessity brief. The information and opinions are based upon sources which are believed to be reliable; however, Barramundi Limited and its officers and directors make no representation as to its accuracy or completeness. The report is not intended to constitute professional or investment advice and should not be relied upon in making any investment decisions. Professional financial advice from a financial adviser should be taken before making an investment. To the extent that the report contains data relating to the historical performance of Barramundi Limited or its portfolio companies, please note that fund performance can and will vary and that future results may have no correlation with results historically achieved.*



PORTFOLIO HOLDINGS  
SUMMARY AS AT 30 JUNE 2022

Company	% Holding
Ansell	3.2%
ANZ Banking Group	2.4%
AUB Group	4.9%
Audinate Group	2.1%
Brambles	3.9%
Carsales	6.6%
Cochlear	2.3%
Commonwealth Bank	5.1%
Credit Corp	3.3%
CSL	10.3%
Domino's Pizza	3.1%
Fineos Corporation Holdings	1.8%
James Hardie Industries	2.4%
Macquarie Group	2.7%
Nanosonics	2.6%
National Australia Bank	3.4%
NEXTDC	4.4%
Ooh!Media	2.9%
PWR Holdings	1.8%
REA Group	4.1%
ResMed	4.8%
SEEK	4.4%
Westpac	2.6%
Wise Tech Global	5.7%
Woolworths Group	3.5%
Xero Limited	4.2%
<b>Equity Total</b>	<b>98.5%</b>
Australian cash	1.2%
New Zealand cash	0.3%
<b>Total cash</b>	<b>1.5%</b>
Centrebet Rights	0.0%
Forward foreign exchange contracts	0.0%
<b>Total</b>	<b>100.0%</b>

# THE STEEPP PROCESS

Fisher Funds employs an investment analysis model that it calls STEEPP to analyse existing and potential portfolio companies. This analysis gives each company a score against a number of criteria that Fisher Funds believes need to be present in a successful portfolio company. All companies are then ranked according to their STEEPP score to broadly determine their portfolio weighting (or indeed whether they make the grade to be a portfolio company in the first place).

The STEEPP criteria are as follows:



## STRENGTH OF THE BUSINESS

What is the company's competitive advantage? Is it sustainable? Is the company a market leader? Does it have a dominant position? A strong business is one that can maintain its profit margins by employing a unique strategy.



## TRACK RECORD

How has the company performed in the past? Has the company performed under the same management team? Has it grown organically or by acquisition? How did the company react during a downturn? Fisher Funds prefers to buy established companies that have executed well in the past.



## EARNINGS HISTORY

How fast has the company been able to grow its earnings in the past? How consistent has earnings growth been? Fisher Funds prefers to buy companies that exhibit secular growth characteristics where the company has proven its ability to provide a high or improving return on invested capital.

*Applying this STEEPP analysis, Fisher Funds constructed a portfolio for Barramundi which comprised 27 securities as at 30 June 2022.*





### EARNINGS GROWTH FORECAST

What is the company's earnings growth forecast over the next three to five years? What is the probability of achieving the forecast? What does Fisher Funds expect the company's earnings potential to be? Fisher Funds notices that too many analysts focus on short-term earnings. As long-term growth investors, Fisher Funds thinks about where the company's earnings could be in three to five years.



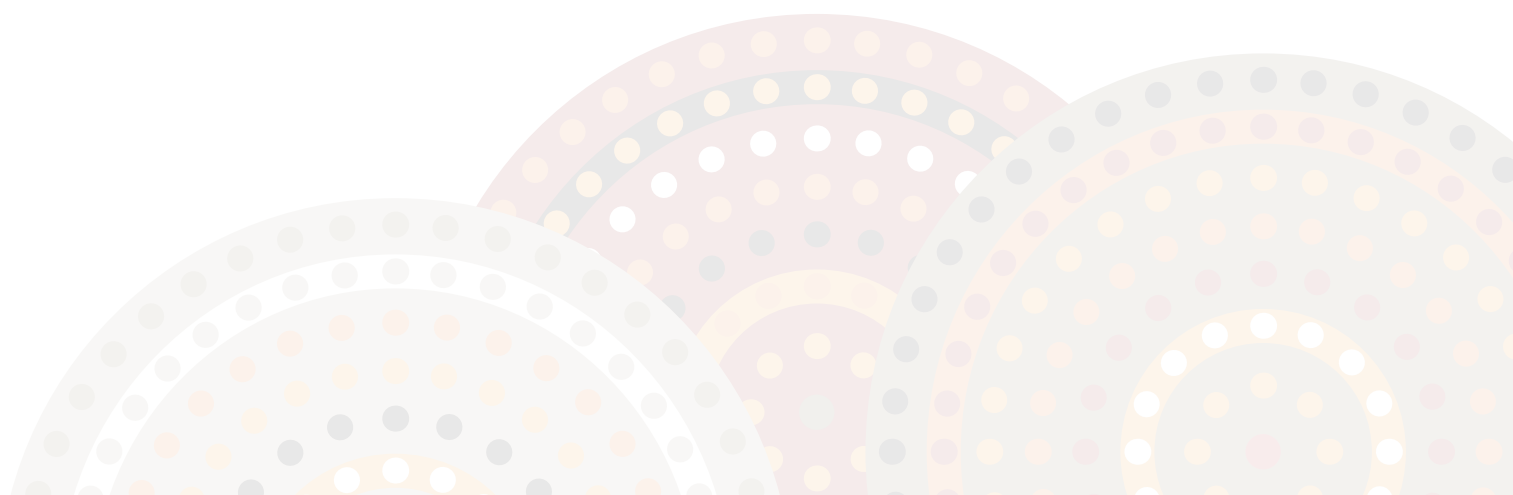
### PEOPLE / MANAGEMENT

Who are the management team and how long have they been in their roles? Who are the directors, what is their history with the company, and what do they bring to the board? What is the depth of management in the organisation and is there a succession plan for the key executive roles? Do the management team own shares in the business and how are they rewarded? Has the board and management exhibited good corporate behaviour in the areas of environmental, social and governance considerations? For Fisher Funds, the quality of the company management and its corporate governance is of paramount importance.



### PRICE / VALUATION

How much of the future earnings growth is already reflected in the share price? Where does the current share price sit in relation to Fisher Funds' worst to best case valuation range? A company will generate a higher score where the market price currently reflects little of that company's upside potential.



# THE BARRAMUNDI PORTFOLIO STOCKS

The following is a brief introduction to each of your portfolio companies, with a description of why Fisher Funds believes they deserve a position in the Barramundi portfolio. Total share return is for the year to 30 June 2022 and is based on the closing price for each company plus any capital management initiatives. For companies that are new additions to the portfolio during the year, total share return is from the first purchase date to 30 June 2022.



## WHAT DOES IT DO?

Ansell designs, develops, manufactures and markets a wide range of personal protective equipment (predominantly gloves) for use in various industrial and manufacturing activities and in healthcare. It is essentially an industrial materials business that transforms natural rubber latex and synthetic latex into these value-added products. It is a leading player (#1 or #2) in all its key market segments.

## WHY DO WE OWN IT?

Ansell has an attractive combination of businesses that benefit when the world economy grows and those that enjoy relatively resilient demand even when economies are weak. We expect the company's earnings to grow over time as better health and safety standards are adopted in emerging markets and as it successfully differentiates its products from the commodity-end of the markets it serves through both branding and product innovation. A heightened focus on hygiene standards post the COVID-19 virus may also help support demand for some of Ansell's products.



## WHAT DOES IT DO?

Australia and New Zealand Banking Group Limited (ANZ) has significant retail and business banking operations in its home markets of Australia and New Zealand. It has a leading agricultural banking business in New Zealand.

## WHY DO WE OWN IT?

ANZ has largely withdrawn from its Asian expansion strategy over the past few years and has focused on its home markets. Along with the other major Australian banks, ANZ enjoys a supportive industry structure and has a wide economic moat. The major banks' scale, capital strength, regulatory expertise, technology and brands constitute significant barriers to entry for potential competitors, allowing the banks to earn healthy returns on their capital.



## WHAT DOES IT DO?

AUB Group operates a general insurance broking network across Australia and New Zealand that is primarily focused on the small to medium-sized business market.

## WHY DO WE OWN IT?

We like AUB's owner-driven business model where member firms are strongly incentivised to grow. We believe insurance broking is an industry ripe for consolidation, allowing AUB to be an aggregator of smaller broking firms. The combination of adding more firms to the network, long-term organic growth in the insurance market, and the benefits of scale should drive healthy earnings growth for AUB over time.

TOTAL SHARE RETURN

**-47%**

TOTAL SHARE RETURN

**-18%**

TOTAL SHARE RETURN

**-17%**

Total share returns in Australian dollar terms sourced from Bloomberg.



### WHAT DOES IT DO?

Audinate is the leading provider of professional digital audio networking technologies. Audinate's technology, branded as 'Dante', distributes digital audio signals over computer networks. It is sold to and incorporated in professional sound equipment produced by global manufacturers (such as speakers and amplifiers). Dante technology is displacing more expensive analogue networking technology.

### WHY DO WE OWN IT?

Dante technology has become the standard technology globally for digital networking of sound systems. For products from one manufacturer (say speakers) to be digitally networked with products from another manufacturer (say a microphone), both products need the Dante technology. This creates a virtuous circle of demand for Dante technology as more and more sound systems are digitally networked. This acts as a significant competitive advantage and helps cement Audinate's leading position in the development of the digital professional audio networking market. Analogue systems are at an early phase of displacement. As such, Audinate has a long runway of growth in front of it, which we like. It also has a strong balance sheet (it is in a net cash position), and has the ability to therefore keep investing heavily in innovation and development which could also create further value for shareholders in the future.

TOTAL SHARE RETURN

-7%



### WHAT DOES IT DO?

Brambles is a supply-chain logistics company operating in more than 50 countries. The group specialises in the pooling of unit-load equipment and associated services, focusing on the outsourced management of pallets (CHEP), crates, and containers.

### WHY DO WE OWN IT?

Although Brambles is a capital intensive business it generates attractive returns on capital. It is difficult for potential competitors to replicate the scale of Brambles' pallet pool and its extensive service centre network. Moreover, there is considerable IP in managing the flow of pallets through the supply chain and keeping control of the assets. We expect sound growth from Brambles for many years to come as the penetration of pooled, rental unit-load equipment continues to increase in developed markets and as modern supply chains are established in emerging markets.

TOTAL SHARE RETURN

-4%



### WHAT DOES IT DO?

Carsales owns a network of classified advertising websites in Australia. Carsales' main website, [www.carsales.com.au](http://www.carsales.com.au), is the leading automotive classifieds website in Australia. Carsales has developed and acquired leading classified vehicle advertising websites in other countries such as South Korea, Brazil and the US. This has diversified its earnings base and increased its runway for future earnings growth.

### WHY DO WE OWN IT?

A first mover advantage is important in establishing network-effect moats in online marketplaces: think of eBay, Amazon or TradeMe. Carsales enjoys the first mover advantage in all its markets, making it hard for competition to encroach on its dominance. Management have developed a credible track record in replicating their success in the Australian market in their overseas markets. Coupled with its increasingly diversified (geographically) earnings base, Carsales is in a strong position to capitalise on a range of attractive growth prospects in the future.

TOTAL SHARE RETURN

-2%

## BARRAMUNDI PORTFOLIO STOCKS CONTINUED

**WHAT DOES IT DO?**

Cochlear is the global leader in the severe and profound hearing-impaired device market. Cochlear implants allow people who cannot hear receive and process sound and speech.

**WHY DO WE OWN IT?**

Cochlear has helped over 500,000 recipients of Cochlear Implants hear again. Yet there remains a significant, unmet and addressable need that is expected to continue to underpin long-term growth of the business. Cochlear implants are permanent and patients typically upgrade their external processors every 5 to 7 years. This underwrites a long, multi-decade annuity stream of revenue for Cochlear as these patients have their implants serviced and upgraded over time.

Cochlear has a long-term focused culture of excellence. It spends 12-16% of revenues on research and development each year, looking for the next advancement in helping people hear again. This too will contribute to its future growth longer term.

TOTAL SHARE RETURN

**+10%****WHAT DOES IT DO?**

Commonwealth Bank of Australia (CBA) operates a leading banking franchise in both Australia and New Zealand and has a strong presence in all spheres of retail and business banking. CBA has built a very profitable portfolio of assets and positioned itself to benefit from key growth areas in the Australian economy. The bank also enjoys an enviable scale advantage in gathering deposits, giving it an important source of stable and low-cost funding.

**WHY DO WE OWN IT?**

The big four Australian banks enjoy a supportive industry structure and wide economic moats. Their scale, capital strength, regulatory expertise, technology and brands constitute significant barriers to entry for potential competitors, allowing the banks to earn healthy returns on their capital. CBA's significant share in core Australian lending and deposit gathering should ensure it continues to profit and grow over time.

TOTAL SHARE RETURN

**-6%****WHAT DOES IT DO?**

Credit Corp purchases and then collects, on its own account, portfolios of defaulted debt. These are primarily bought from banks. The company has leveraged its understanding of the sub-prime market to build a consumer lending business that focuses on credit impaired borrowers. It also has a developing US purchased debt ledger (PDL) operation.

**WHY DO WE OWN IT?**

We like Credit Corp's leading market position and strong reputation with Australia's major banks, which have allowed it a healthy share of the PDL market. The business enjoys a scale advantage versus competitors, has a conservative balance sheet and is tightly managed. The mature Australian PDL business should deliver sound growth, with the company's burgeoning consumer lending business and US PDL operation providing further significant opportunities.

TOTAL SHARE RETURN

**-30%**



#### WHAT DOES IT DO?

CSL is a leader in the growing global plasma therapies market, with therapies that address severe autoimmune and nerve degeneration conditions.

#### WHY DO WE OWN IT?

CSL's therapies address conditions for which drug trials are typically difficult to conduct, giving existing companies with approved therapies a tremendous advantage. As a result, CSL enjoys healthy returns on capital and strong earnings growth over very long product lifecycles. In addition to owning several leading therapies, CSL has historically and continues to invest significant resources in plasma supply and research and development, securing future earnings growth.



#### WHAT DOES IT DO?

Domino's Pizza is the master franchisor of the Domino's brand in Australia, New Zealand, France, Belgium, the Netherlands, Monaco, Japan and Taiwan. The company has revolutionised the pizza restaurant industry in its key markets by focusing on meeting consumer taste, convenience and value needs.

#### WHY DO WE OWN IT?

Dominos is a clear Australian growth stock with store expansion, productivity and margin improvement opportunities. The company expects to more than double its store count over the next decade. The business has significant scale, technology expertise, and a powerful brand, which combine to place it in a strong competitive position. With meaningful contributions from businesses around the world, Dominos offers quality diversification from the Australian economy.



#### WHAT DOES IT DO?

Fineos is a leading provider of policy administration systems software to the Life, Accident & Health (LA&H) insurance industry. Its Claims product is used by 7 of the top 10 LA&H insurers in the US and 6 of the top 10 insurers in Australia, as well as the ACC in NZ.

#### WHY DO WE OWN IT?

LA&H insurers are in the early stages of switching from legacy mainframe centric systems to fully digital solutions like those offered by Fineos. Fineos's core Claims product is best in class, mission-critical software. Although the COVID environment has impacted the timing with which LA&H insurers will make this switch, technological obsolescence of existing systems will drive adoption. This is the source of Fineos' long-run earnings growth. Given the quality of its software, and the credibility of its large customer base, it is well-positioned to keep winning contracts and increase penetration within existing clients.

TOTAL SHARE RETURN

-5%

TOTAL SHARE RETURN

-43%

TOTAL SHARE RETURN

-62%

## BARRAMUNDI PORTFOLIO STOCKS CONTINUED

**WHAT DOES IT DO?**

James Hardie is the global leader in manufacturing fibre cement siding, used to clad timber framed homes. It generates the majority of its earnings from the US. It also has a substantial fibre cement business across Australia, New Zealand and the Philippines. It has a mature fibre gypsum business in Europe.

**WHY DO WE OWN IT?**

James Hardie is the scale manufacturer in fibre cement with 90% of the entire category in the US, and a dominant position in Australia. It benefits from its significant scale in manufacturing. This scale advantage has enabled it to grow the fibre cement category as a proportion of external cladding for houses for decades in its key markets at attractive, and improving profit margins.

Well run under successive management teams, fibre cement's share of outside cladding continues to grow in the US, offering James Hardie a long runway yet of earnings growth.

TOTAL SHARE RETURN

**-9%****WHAT DOES IT DO?**

Domiciled in Australia, Macquarie Group is a global financial services company spanning four divisions. The majority of its profit comes from its asset management and commodity & global markets divisions. Macquarie also runs an Australian investment bank as well as a small retail bank.

**WHY DO WE OWN IT?**

Macquarie's strong culture and people development, helped by its global scale, has been key to its 50+ consecutive years of profitability – an enviable track record. Macquarie develops expertise and focuses its resources on long-term structural growth areas of the economy (such as the growth in green, renewable energy). As such, it is well positioned to continue growing its earnings for many years to come.

TOTAL SHARE RETURN

**-16%****WHAT DOES IT DO?**

Nanosonics has developed an innovative technology for point of use, high-level disinfection. The company's first product to market, the Trophon, is revolutionising disinfection in the sonograph market. The Trophon has become the standard of care for high-level disinfection of ultrasounds and is used in over 5,000 medical institutions in North America, with a strong presence in Australia, New Zealand, Germany and the United Kingdom.

**WHY DO WE OWN IT?**

Hospitals, medical facilities and healthcare regulators around the world are increasingly focused on preventing infection through more stringent disinfection requirements. With a strong patent portfolio and the first product to market, the Trophon, Nanosonics is well positioned for healthy future earnings growth.

TOTAL SHARE RETURN

**-43%**



#### WHAT DOES IT DO?

National Australia Bank (NAB) operates a leading banking franchise in both Australia and New Zealand and has a strong presence in all spheres of retail and business banking. NAB has a strong stable of brands supporting its top tier position in both deposit gathering and lending.

#### WHY DO WE OWN IT?

The big four Australian banks enjoy a supportive industry structure and wide economic moats. Their scale, regulatory expertise, technology and brands constitute significant barriers to entry for potential competitors, allowing the banks to earn healthy returns on their capital. NAB has emerged from a restructuring with a strong balance sheet and compelling portfolio of opportunities, positioning it well for the future.



#### WHAT DOES IT DO?

Next DC is an Australian data centre business. It currently operates 11 data centres across Australia and has three new data centre developments underway. Next DC provides only the data centre infrastructure within which its customers can locate their servers. Its unique proposition is to create a valuable ecosystem within its data centres by assembling a community of customers for whom it makes commercial sense to be in close data proximity.

#### WHY DO WE OWN IT?

Next DC benefits from the strong secular growth trends in cloud computing, data use and connectivity. The Australian cloud services market is forecast to more than double in the next 5 years. The growth in demand for cloud services has been accelerated by the COVID-19 crisis. Assisted by this tailwind, Next DC's earnings should multiply as the capacity of its existing data centres becomes fully utilised and as the capacity of its new data centres comes on-stream over the next couple of years.



#### WHAT DOES IT DO?

Ooh! Media is Australasia's largest Out of Home advertising company. It has over 37,000 digital and static advertising billboards and screens that can be found in or on roadsides, retail centres, airports, train stations, bus stops, office towers, cafes, bars and universities. This extensive network enables advertisers to get their messages to a large number of people as they move about in the course of their daily lives.

#### WHY DO WE OWN IT?

The audiences for traditional broadcast media like free-to-air TV and print are shrinking and becoming increasingly fragmented as they are disrupted by new digital media. Against this backdrop, Out of Home advertising remains a very effective broadcast medium as it cannot be avoided by audiences. At the same time, increasing digitisation of Out of Home sites is enabling more dynamic, real-time messaging by advertisers and more sophisticated audience measurement is confirming to them the returns they are getting on this spend. All of these factors should assist the Out of Home format to capture an increasing share of the total advertising pie, to the benefit of Ooh! Media.

TOTAL SHARE RETURN

+9%

TOTAL SHARE RETURN

-10%

TOTAL SHARE RETURN

-30%

## BARRAMUNDI PORTFOLIO STOCKS CONTINUED

**WHAT DOES IT DO?**

PWR specialises in manufacturing cooling solutions for global high-end motorsport teams such as Formula One, NASCAR and Formula E. PWR is recognised as a world leader when it comes to high performance cooling and it has used its expertise to win a number of contracts to provide cooling solutions for high-priced limited run supercar manufacturers such as Aston Martin and Porsche.

**WHY DO WE OWN IT?**

PWR has a culture of innovation and invests a meaningful proportion of its revenues back into researching and developing new cooling solutions each year. We think this not only keeps PWR at the forefront of its existing markets but has the potential to broaden PWR's customer base to include companies in other industries.

TOTAL SHARE RETURN

**-10%****WHAT DOES IT DO?**

REA operates the leading online classified real estate advertising portal in Australia. It also holds significant holdings in similar businesses in the US, India and South East Asia.

**WHY DO WE OWN IT?**

In Australia, REA operates in a largely duopolistic market. It benefits from a strong network moat. Close to 100% of real estate agents in Australia advertise for sale and for rent, residential and commercial properties on its portals. Its residential property site, realestate.com.au, has the largest and most engaged audience in Australia with 128m visits per month, 3.3x its nearest competitor. REA is a strong business with attractive growth prospects both domestically and offshore.

TOTAL SHARE RETURN

**-33%****WHAT DOES IT DO?**

ResMed manufactures cloud-connected devices and consumables that are used to treat sleep-disordered breathing ("SDB") and other respiratory disorders (COPD, neuro-muscular, asthma). It has developed software platforms that use the data from its devices to improve patient outcomes and healthcare ecosystem productivity. ResMed also has a portfolio of Software-as-a-Service businesses that enable healthcare providers to manage patients and deliver services to them as they move between various out-of-hospital settings.

**WHY DO WE OWN IT?**

ResMed is the global leader in the treatment of SDB. It has a strong competitive position based on its scale, intellectual property, and customer captivity. There is a long growth runway in SDB. The addressable market is large (potentially 20%+ of adults have SDB), growing (ageing & obesity) and under-penetrated (even in the US less than 20% of SDB sufferers are treated). As the number of people on treatment rises, ResMed not only benefits from the initial sale of a device but from a recurring stream of consumable sales that grows as its installed device base increases. As a result, the company is highly cash generative. It is led by a very capable and experienced management team.

TOTAL SHARE RETURN

**-6%**





#### WHAT DOES IT DO?

SEEK is the largest global online employment marketplace. Operating across Australia, New Zealand, South East Asia, China, Brazil, Mexico, Bangladesh and Africa. SEEK's employment marketplaces are exposed to approximately 2.6 billion people and more than 20% of global GDP.

#### WHY DO WE OWN IT?

In Australia and New Zealand, SEEK has a strong competitive position by virtue of being "front of mind" for job seekers. It will continue to benefit from the migration of employment advertising from traditional media to online. Domestically, successful development of new products like its talent search platform will provide high-value new revenue streams. Its international investments give SEEK exposure to faster-growing, less mature employment markets.



#### WHAT DOES IT DO?

Westpac is Australia's oldest bank. It operates a leading banking franchise in both Australia and New Zealand and has a strong presence in all spheres of retail and business banking. Westpac has a strong stable of brands supporting its top tier position in both deposit gathering and lending.

#### WHY DO WE OWN IT?

The big four Australian banks enjoy a supportive industry structure and wide economic moats. Their scale, regulatory expertise, technology and brands constitute significant barriers to entry for potential competitors, allowing the banks to earn healthy returns on their capital. Westpac's significant share in core Australian lending and deposit gathering should ensure it continues to profit and grow over time.



#### WHAT DOES IT DO?

WiseTech Global is a logistics software business with a presence in key global regions and key global customers. Their main product, Cargowise One, offers clients a complete suite of logistics services and general business solutions. An early lead in the freight forwarding software domain confers a key technology advantage over competing software systems, increases customer switching costs, and establishes a nascent network benefit to participants using its technology.

#### WHY DO WE OWN IT?

While increasing trade flows are supportive, customers need better technology to help them manage greater supply chain complexity, comply with more onerous regulation, and address vociferous competition. WiseTech is an early leader in an industry with low penetration of a clear internet-based technology solution, making for significant growth prospects should the company retain its leading position in the sphere.

TOTAL SHARE RETURN

-36%

TOTAL SHARE RETURN

-20%

TOTAL SHARE RETURN

+19%

## BARRAMUNDI PORTFOLIO STOCKS CONTINUED

**WHAT DOES IT DO?**

Woolworths Group operates the largest food retailer in Australia. It also operates New Zealand's second-largest food retailer Countdown and Australian discount department store chain Big W.

**WHY DO WE OWN IT?**

Woolworths Group is a leading player in two of the most highly consolidated food markets globally in Australia and New Zealand. This favourable competitive structure and the scale advantages afforded by its extensive store network have underpinned Woolworths' industry-leading profit margins.

**WHAT DOES IT DO?**

Xero is the market leading provider of cloud-based accounting software for small-to-medium businesses and their accountants in NZ, Australia and the UK, with growing presences in the US and other markets such as SE Asia and Africa.

**WHY DO WE OWN IT?**

Xero's software is consistently rated as best in class and it continues to pioneer innovative new functionality to attract and retain customers. As a result, Xero has a significant share of the cloud-based accounting software market and is growing subscriber numbers rapidly. The size of the ultimate opportunity for Xero is significant and there are many years of material growth ahead given the industry is only in the early stages of migration to the cloud. Xero is now on the cusp of profitability and its business model means revenue growth will translate strongly into earnings growth in the future. Xero's small and medium-size business customers globally have been difficult and expensive to acquire but the flip side is the customer base represents a significant sustainable competitive advantage.

TOTAL SHARE RETURN

-4%

TOTAL SHARE RETURN

-44%



Pictured left to right: David McClatchy, Carol Campbell, Fiona Oliver and Andy Coupe.

## BOARD OF DIRECTORS

**ANDY COUPE** LLB, CMInstD

**Chair of the Board**  
**Chair of Remuneration and Nominations Committee**  
**Independent Director**

Andy Coupe has extensive governance, commercial and capital markets experience having worked in a number of sectors within the financial markets over the last 35 years. In addition to also being Chair of Kingfish and Marlin Global, he is also Chair of Television New Zealand, a member of the Strong Public Media Establishment Board, and a director of Briscoe Group. Andy's principal place of residence is Hamilton.

Andy was first appointed to the Barramundi board on 1 March 2013.

**FIONA OLIVER** LLB, BA, CFInstD

**Independent Director**

Fiona Oliver is a professional director and her governance roles span a range of business sectors including renewable energy, natural gas, technology, and professional and financial services. She is a director of Kingfish and Marlin Global. Fiona is also a director (and audit committee chair) of Gentrack Group Limited, the First Gas Group, BNZ Life Insurance Limited, and BNZ Insurance Services Limited. She is also a director of Freightways Limited and Wynyard Group Limited (in liquidation). Fiona's executive career was in the financial services sector in New Zealand and overseas. In New Zealand, her roles included Chief Operating Officer of Westpac's investment arm, BT Funds Management, and General Manager of AMP NZ's Wealth Management division. In Sydney and London, Fiona managed the Risk and Operations function for AMP's private capital division. Prior to this, Fiona was a senior corporate and commercial solicitor in New Zealand and overseas, specialising in mergers and acquisitions. Fiona is a Chartered Fellow of the Institute of Directors and a member of Global Women. Fiona was awarded the Beacon Award by the New Zealand Shareholders Association in 2022 for her role as Chair of the independent directors of Tilt Renewables Limited during the attempted takeover of this company in 2018. Fiona's principal place of residence is Auckland.

Fiona Oliver was first appointed to the Barramundi board on 1 June 2022.

**CAROL CAMPBELL** BCom, FCA, CMInstD

**Chair of Audit and Risk Committee**  
**Independent Director**

Carol Campbell is an experienced company director who has a sound understanding of efficient board governance and extensive financial experience. Carol is a director and Chair of the Audit and Risk committees of Kingfish and Marlin Global, and Chair of the Audit and Risk committee of Barramundi. Carol also holds a number of directorships across a broad spectrum of companies including T&G Global, New Zealand Post, Chubb Insurance New Zealand and NZME, where she is also the Chair of the Audit and Risk committees and she is a director of Kiwibank. Carol is a fellow of Chartered Accountants Australia and New Zealand. Carol had her own chartered accountancy practice for 11 years after a successful career as a partner at Ernst & Young for over 25 years. Carol's principal place of residence is Auckland.

Carol was first appointed to the Barramundi board on 5 June 2012.

**DAVID McCLATCHY** BCom

**Chair of Investment Committee**  
**Independent Director**

David McClatchy is an experienced company director who has had extensive investment management experience across New Zealand and international markets over the last 35 years. David is a director of Kingfish, Marlin Global and Guardians of NZ Superannuation. Before returning to New Zealand in 2019, David was Group Chief Investment Officer for Insurance Australia Group and Director and Head of IAG Asset Management. Prior to this, David had a 16-year career with ING as Chief Executive and Chair of ING Investment Management in Australia and Chief Investment Officer and Director of ING New Zealand. David's principal place of residence is Tauranga.

David McClatchy was first appointed to the Barramundi board on 1 July 2021.

# CORPORATE GOVERNANCE STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2022 AND CURRENT AS AT THE DATE OF THIS ANNUAL REPORT

Barramundi's board recognises the importance of good corporate governance and is committed to ensuring that the Company meets best practice governance principles to the extent that they are appropriate for the nature of Barramundi's operations. Strong corporate governance practices encourage the creation of value for Barramundi shareholders, while ensuring the highest standards of ethical conduct and providing accountability and control systems commensurate with the risks involved.

The board is responsible for establishing and implementing the Company's corporate governance frameworks and is committed to fulfilling this role in accordance with best practice, having appropriate regard to applicable laws, the NZX Corporate Governance Code ("NZX Code"), and the Financial Markets Authority's Corporate Governance in New Zealand - Principles and Guidelines. The board oversees the management of Barramundi, with the day-to-day portfolio and administrative management responsibilities of Barramundi being delegated to Fisher Funds Management Limited ("Fisher Funds" or "the Manager").

Over the financial year ended 30 June 2022, Barramundi was in compliance with the NZX Code, with the exception of recommendations 4.3<sup>1</sup> and 5.3<sup>2</sup>. The Company is not in compliance with those recommendations due to the specific nature of the Company's business model and more particularly for the reasons explained below in the commentary regarding the relevant NZX Code principles. The alternative governance practices adopted by Barramundi in respect of those matters have the approval of the board.

The Company's corporate governance policies and procedures and board and committee charters, are regularly reviewed by the board against the corporate governance standards set by NZX and to reflect any changes required by law, guidance from other relevant regulators, and developments in corporate governance practices.

Barramundi's constitution and each of the Company's charters, codes and policies referred to in this section are available on the Barramundi website ([www.barramundi.co.nz](http://www.barramundi.co.nz)) under the "About Barramundi" and "Policies" sections.

### Principle 1 – Code of ethical behaviour

Directors should set high standards of ethical behaviour, model this behaviour, and hold management accountable for these standards being followed throughout the organisation.

## CODE OF ETHICS & STANDARDS OF PROFESSIONAL CONDUCT

Barramundi's Code of Ethics & Standards of Professional Conduct details the ethical and professional behavioural standards required of the directors of the Company and those employees of the Manager who work on Barramundi matters.

The Code of Ethics & Standards of Professional Conduct covers a wide range of areas including: standards of behaviour, conflicts of interest, proper use of Company information and assets, compliance with laws and policies, reporting concerns, and receiving gifts.

Any person who becomes aware of a breach or suspected breach of the Code of Ethics & Standards of Professional Conduct is required to report it immediately in accordance with the procedure set out in the Code of Ethics & Standards of Professional Conduct.

Training on the requirements of the Code of Ethics & Standards of Professional Conduct is included as part of the induction process for new directors and relevant employees of the Manager.

The Code of Ethics & Standards of Professional Conduct is also available on Barramundi's website for directors of the Company and employees of the Manager to access at any time.

## SECURITIES TRADING POLICY

Barramundi's Securities Trading Policy details the restrictions on persons nominated by Barramundi (including its directors and employees of the Manager who work on Barramundi matters) ("Nominated Persons") relating to their trading in Barramundi shares and other securities.

Nominated Persons, with the permission of the board of Barramundi, may trade in Barramundi shares only during the trading window commencing immediately after Barramundi's weekly disclosure of its net asset value on NZX Limited's ("NZX") market announcement platform and ending at the close of trading two days following the net asset value disclosure.

Nominated Persons may not trade in Barramundi shares when they have price sensitive information that is not publicly available.

The Securities Trading Policy is available on Barramundi's website.

<sup>1</sup> Barramundi does not have a formal environmental, social and governance (ESG) framework. However, the Manager has a formal ESG framework which governs its stock selection, which the board is fully supportive of and committed to.

<sup>2</sup> There is no CEO remuneration disclosure as Barramundi delegates its management personnel requirements to Fisher Funds pursuant to an Administration Services Agreement and does not have its own CEO.

## CONFLICTS OF INTEREST POLICY

The Company's Conflicts of Interest Policy outlines the board's policy on conflicts of interest. The policy details the processes to be adopted for identifying conflicts of interest and managing any such conflicts.

### Principle 2 – Board composition and performance

To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.

## BOARD CHARTER

Barramundi's board operates under a written charter which defines the respective functions and responsibilities of the board, focusing on the values, principles and practices that provide the Company's corporate governance framework.

The board has overall responsibility for all decision making within Barramundi. The board is responsible for the direction and control of Barramundi and is accountable to shareholders and others for Barramundi's performance and its compliance with the applicable laws and standards. The board has delegated the day-to-day portfolio and administrative management responsibilities relating to Barramundi to the Manager. The responsibilities of the Manager are clear as they are described in the Management Agreement and Administration Services Agreement with Barramundi.

The board uses committees to address certain matters that require detailed consideration. The board retains ultimate responsibility for the function of its committees and determines their responsibilities. The board is assisted in meeting its responsibilities by receiving regular reports and plans from the Manager and through its annual work programme.

Directors have access to key employees of the Manager who are connected to the activities of Barramundi and can request any information they consider necessary for informed decision making.

The Board Charter is available on Barramundi's website.

## NOMINATION AND APPOINTMENT OF DIRECTORS

In accordance with Barramundi's constitution and NZX Listing Rules, a director must not hold office without re-election past the third annual meeting following his or her appointment or three years (whichever is the longer). A director appointed by the board must not hold office (without re-election) past the next annual meeting following his or her appointment.

Procedures for the nomination, appointment and removal of directors are contained in Barramundi's constitution and the Board Charter. The Remuneration and Nominations Committee of the board is responsible for identifying and nominating candidates to fill director vacancies for board approval.

## WRITTEN AGREEMENT

Barramundi provides a letter of appointment to each newly appointed director setting out the terms of their appointment which they are required to sign.

The letter includes information regarding the board's responsibilities, expectations of directors and independence, expected time commitments, indemnity and insurance provisions, obligations to declare relevant conflicting interests, and confidentiality. New directors are required to formally consent to act as a director.

## DIRECTOR INFORMATION AND INDEPENDENCE

The board comprises four directors with diverse backgrounds, skills, knowledge, experience and perspectives. Information about each director, including a profile of their experience, length of service, and attendance at board meetings is available on pages 27 and 30 of this Annual Report and also on Barramundi's website.

The board takes into account guidance provided under the NZX Listing Rules and the factors specified in the NZX Code in determining the independence of directors. Director independence is considered annually. Directors have undertaken to inform the board as soon as practicable if they think their status as an independent director has or may have changed.

As at 30 June 2022, the board considers that each of Andy Coupe (Chair), Carol Campbell, David McClatchy and Fiona Oliver are independent directors and therefore the board has determined that all of the directors on the board are independent directors.

Information in respect of each director's ownership interests in Barramundi shares and warrants is available on page 61.

## DIVERSITY

Barramundi has a formal Diversity Policy applicable to the Company's directors. The board views diversity as including, but not being limited to, skills, qualifications, experience, gender, race, age, ethnicity and cultural background. The board recognises that having a diverse board will enhance effectiveness in key areas and that membership of the board is best served by having a mix of individuals with deep expertise and a breadth of experience. This objective is recognised in the Diversity Policy.

All appointments to the board are based on merit, and include consideration of the board's diversity needs, including gender diversity. The principal measurable diversity objective adopted by the board is to embed gender diversity as an active consideration in all succession planning for board positions. The board assesses annually both the objective set out in the Diversity Policy and the Company's progress in achieving that objective. During the financial year to 30 June 2022, Carmel Fisher retired from the board (6 August 2021) after serving as a director since 2006 and David McClatchy was appointed as an independent director effective 1 July 2021.

Alistair Ryan (Chair since 2012) retired from the board with effect from 1 June 2022. Andy Coupe, a director on the Barramundi board since 2013, and previous Chair of Barramundi's Investment Committee, succeeded Alistair Ryan as Chair of the Board. The board has appointed Fiona Oliver as an independent director effective 1 June 2022.

## CORPORATE GOVERNANCE STATEMENT CONTINUED

The board's gender composition as at the two most recent annual balance dates was as follows:

2022	Number		Proportion	
	Female	Male	Female	Male
Directors	2	2	50%	50%

2021	Number		Proportion	
	Female	Male	Female	Male
Directors	2	2	50%	50%

The Diversity Policy is available on Barramundi's website.

### DIRECTOR TRAINING

All directors are responsible for ensuring they remain current in understanding how best to perform their duties as directors. To ensure ongoing education, directors are regularly informed of developments that affect the Company's industry and business environment.

### ASSESSMENT OF DIRECTOR PERFORMANCE

The Remuneration and Nominations Committee conducts a formal review of director, committee and board performance annually. The review includes an assessment of whether appropriate training has been undertaken by directors. Appropriate strategies for improvement are recommended to the board as and when required. The Chair of the Board also has discussions with directors on individual performance as considered appropriate.

### INDEPENDENT CHAIR AND SEPARATION OF THE CHAIR AND CHIEF EXECUTIVE

The current Chair of the Board (Andy Coupe) is an independent director. Barramundi does not have a Chief Executive as it delegates its management personnel requirements to the Manager pursuant to an Administration Services Agreement. The Chair of the Board is a different person to the Chief Executive of the Manager.

#### Principle 3 – Board committees

The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.

The board has three standing committees: the Audit and Risk Committee, the Remuneration and Nominations Committee, and the Investment Committee.

Each committee operates under a charter approved by the board. The charter of each committee is reviewed annually.

### DIRECTOR MEETING ATTENDANCE

A total of eight board meetings, two Audit and Risk Committee meetings, two Remuneration and Nominations Committee meetings, and two Investment

Committee meetings were held in the financial year ended 30 June 2022. Director attendance at board meetings and committee meetings is shown below.

Director	Board	Audit and Risk Committee	Remuneration and Nominations Committee	Investment Committee
Carol Campbell	8/8	2/2	2/2	2/2
Andy Coupe	7/8	2/2	2/2	2/2
David McClatchy	8/8	2/2	2/2	2/2
Alistair Ryan #	7/7	2/2	2/2	2/2
Fiona Oliver # *	1/1	0/0	0/0	0/0

# The meeting attendance for Alistair Ryan and Fiona Oliver pertain to the meetings that were held while they were directors.

\* Fiona Oliver also attended an Investment Committee meeting and a board meeting during May 2022 as an observer.

### AUDIT AND RISK COMMITTEE

The Audit and Risk Committee Charter sets out the objectives of the Audit and Risk Committee, which are to provide assistance to the board in fulfilling its responsibilities in relation to the Company's financial reporting, internal controls structure, risk management systems, and the external audit function. The Audit and Risk Committee Charter is available on Barramundi's website.

The Audit and Risk Committee focuses on audit and risk management and specifically addresses responsibilities relative to financial reporting and regulatory compliance.

The Audit and Risk Committee is accountable for ensuring the performance and independence of the Company's external auditor, including that the external auditor or lead audit partner is changed at least every five years.

The Audit and Risk Committee also reviews the appropriateness of any non-audit services and recommends to the board which services, other than the statutory audit, may be provided by PricewaterhouseCoopers as external auditor.

The external auditor has a clear line of direct communication at any time with either the Chair of the Audit and Risk Committee or the Chair of the Board, both of whom are independent directors. During the financial year ended 30 June 2022, the Audit and Risk Committee held private sessions with the external auditor.

The Audit and Risk Committee currently comprises all of the directors and is chaired by Carol Campbell.

The Audit and Risk Committee may invite the Corporate Manager and/or other employees of the Manager and such other persons, including the external auditor, to attend meetings, as it considers necessary to provide appropriate information and explanations.

## REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration and Nominations Committee Charter sets out the objectives of the Remuneration and Nominations Committee, which are to set and review the level of directors' remuneration, ensure a formal rigorous and transparent procedure for the appointment of new directors to the board, and evaluate the balance of skills, knowledge and experience on the board. The Remuneration and Nominations Committee also assesses the performance of directors, the board and board committees.

The Remuneration and Nominations Committee currently comprises all of the directors and was previously chaired by Alistair Ryan. Andy Coupe took over as Chair of the Remuneration and Nominations Committee with effect from 1 June 2022.

The Remuneration and Nominations Committee may invite the Corporate Manager and/or other employees of the Manager and such other persons, including the external auditor, to attend meetings as it considers necessary to provide appropriate information and explanations.

The Remuneration and Nominations Committee Charter is available on Barramundi's website.

## INVESTMENT COMMITTEE

The Investment Committee Charter sets out the objective of the Investment Committee, which is to oversee the investment management of Barramundi to ensure the portfolio is managed in accordance with the investment mandate and with the long-term performance objectives of Barramundi. The Investment Committee Charter is available on Barramundi's website.

The Investment Committee currently comprises all of the directors and was previously chaired by Andy Coupe. David McClatchy took over as Chair of the Investment Committee with effect from 1 May 2022.

## TAKEOVER RESPONSE PROTOCOLS

The board has adopted a formal Takeover Response Protocol as an internal framework that sets out the process to be followed if there is a takeover offer for Barramundi.

### Principle 4 – Reporting and disclosure

The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.

## CONTINUOUS DISCLOSURE

Barramundi is committed to promoting investor confidence by providing complete and equal access to information in accordance with the NZX Listing Rules. Barramundi has a Continuous Disclosure Policy designed to ensure this occurs and a copy of the policy is available on Barramundi's website. The Corporate Manager is responsible for overseeing and co-ordinating required disclosures to the market.

## CHARTERS AND POLICIES

Barramundi's key corporate governance documents, including its Code of Ethics & Standards of Professional Conduct, board and committee charters, and other policies, are available on Barramundi's website under the "About Barramundi" and "Policies" sections.

## FINANCIAL REPORTING

Barramundi believes its financial reporting is balanced, clear and objective. Barramundi is committed to ensuring integrity and timeliness in its financial and non-financial reporting and ensuring the market and shareholders are provided with an objective view on the performance of the Company.

The Audit and Risk Committee oversees the quality and integrity of external financial reporting, including the accuracy, completeness and timeliness of financial statements. The Audit and Risk Committee reviews half-yearly and annual financial statements and makes recommendations to the board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements, and the results of the external audit.

As at 30 June 2022, Barramundi did not have a formal environmental, social and governance (ESG) framework. Barramundi considers that, given the nature of its operations (as an investment company), it is not appropriate to maintain an ESG framework due to the lack of available metrics relevant to its business against which it could report on such matters. Barramundi will continue to assess the relevance of adopting an ESG framework. However, the Manager has a formal ESG framework which governs its stock selection, which the Barramundi board is fully supportive of and committed to. Details of the Manager's ESG framework can be seen on the Manager's website, [fisherfunds.co.nz/about-us/responsible-investing](https://fisherfunds.co.nz/about-us/responsible-investing).

The Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021 received royal assent in October 2021. This legislation introduces a new financial reporting requirement which requires certain entities, to be known as Climate Reporting Entities (CREs), to produce annual climate statements that identify and report on the impact of climate change on their organisations and disclose greenhouse gas emissions. It will impact the reporting of most NZX listed issuers such as Barramundi.

The New Zealand External Reporting Board (XRB) is developing the Aotearoa New Zealand Climate Standards, which are expected to be finalised by the end of 2022 and will take effect for financial periods which commence on or after 1 January 2023. These standards are based on the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and are consistent with international developments.

The Barramundi board will determine the appropriate climate risk reporting for Barramundi, once the new accounting standard has been finalised.

### Principle 5 – Remuneration

The remuneration of directors and executives should be transparent, fair and reasonable.

## CORPORATE GOVERNANCE STATEMENT CONTINUED

### DIRECTORS' REMUNERATION

The Company's Director Remuneration Policy sets out the structure of the remuneration for directors, the review process and reporting requirements. The Director Remuneration Policy is available on Barramundi's website.

Directors' fees are determined by the board on the recommendation of the Remuneration and Nominations Committee within the aggregate amount approved by shareholders. The current directors' fee pool limit of \$157,500 (plus GST if any) was approved by shareholder resolution passed at the 2018 Annual Shareholders' Meeting.

Each year, the Remuneration and Nominations Committee reviews the level of directors' fees. The Remuneration and Nominations Committee considers the skills, performance, experience and level of responsibility of directors when undertaking the review, and is authorised to obtain independent advice on market conditions.

The following table sets out the remuneration received by each director from Barramundi for the financial year ended 30 June 2022. No director received fees or payment for any other services to the Company. No retirement payments were made or agreed to be made to any director during the financial year ended 30 June 2022.

#### Directors' remuneration\* for the 12 months ended 30 June 2022

Andy Coupe (chair)	\$38,542 <sup>(1)</sup>
Carol Campbell	\$37,500 <sup>(2)</sup>
Carmel Fisher	\$3,243 <sup>(3)</sup>
David McClatchy	\$33,333 <sup>(4)</sup>
Alistair Ryan	\$45,833 <sup>(5)</sup>
Fiona Oliver	\$2,708 <sup>(6)</sup>

\* excludes GST

<sup>(1)</sup> Included in this total amount is \$4,167 that Andy Coupe received as Chair of the Investment Committee. \$3,727 of this amount was applied to the purchase of 3,451 shares under the Barramundi Share Purchase Plan. (Andy Coupe holds in excess of the 50,000 share threshold set out in the Barramundi Share Purchase Plan but has elected to continue in the plan).

<sup>(2)</sup> Included in this total amount is \$5,000 that Carol Campbell received as Chair of the Audit and Risk Committee. \$3,727 of this amount was applied to the purchase of 3,451 shares under the Barramundi Share Purchase Plan. (Carol Campbell holds in excess of the 50,000 share threshold set out in the Barramundi Share Purchase Plan but has elected to continue in the plan).

<sup>(3)</sup> Carmel Fisher retired from the Barramundi board on 6 August 2021.

<sup>(4)</sup> Included in this total amount is \$833 that David McClatchy received as the new Chair of the Investment Committee. \$3,229 of this amount was applied to the purchase of 2,990 shares under the Barramundi Share Purchase Plan.

<sup>(5)</sup> Alistair Ryan retired as Chair of the Barramundi Board on 1 June 2022. \$4,972 of this amount was applied to the purchase of 4,604 shares under the Barramundi Share Purchase Plan.

<sup>(6)</sup> Fiona Oliver joined the Barramundi board 1 June 2022.

Details of remuneration paid to directors are also disclosed in note 11 to the financial statements for the financial year ended 30 June 2022. The directors' fees disclosed in the financial statements include a portion of non-recoverable GST expensed by Barramundi.

### DIRECTORS' SHAREHOLDING - SHARE PURCHASE PLAN

A Share Purchase Plan was introduced by the board in 2012 which requires each director to allocate 10% of their annual director's fee to the purchase (on market) of Barramundi shares. Once an individual director's shareholding reaches 50,000 shares, the director can elect whether to continue in the plan. The intention of the Share Purchase Plan is to further align the interests of directors with those of Barramundi shareholders.

### EXECUTIVE REMUNERATION

Barramundi delegates its management personnel requirements to Fisher Funds pursuant to an Administration Services Agreement. For this reason, Barramundi does not have a Chief Executive Officer and it does not consider it appropriate to make disclosures about remuneration for the Manager's personnel or include those personnel in the application of the Company's remuneration policies. Barramundi does not set the remuneration policies applicable to the Manager's personnel. The fees paid to Fisher Funds for administration services are set out in note 11 to Barramundi's financial statements for the financial year ended 30 June 2022.

#### Principle 6 – Risk management

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

### RISK MANAGEMENT FRAMEWORK

The board has overall responsibility for Barramundi's system of risk management and internal control. Barramundi has in place policies and procedures to identify areas of significant business risk and implements procedures to manage those risks effectively.

Key risk management tools used by Barramundi include the Audit and Risk Committee function, outsourcing of certain functions to service providers, internal controls, financial and compliance reporting procedures, and processes and business continuity planning. Barramundi also maintains insurance policies that it considers adequate to meet its insurable risks.

The board is actively involved in tracking the development of existing risks and the emergence of new risks to Barramundi's business. The Audit and Risk Committee and board receive regular reports on the operation of risk management policies and procedures from the Manager. Significant risks are discussed at each board meeting, and/or as required.

In addition to Barramundi's policies and procedures in place to manage business risks, the Manager has its own comprehensive risk management policy. The board is informed of any changes to the Manager's policy.



The spread of Covid-19 has impacted economies around the globe. In many countries, businesses have been forced to cease or limit operations for extended or indefinite periods of time. Global stock markets have experienced greater than normal volatility and there was significant market weakness during the early stages of the pandemic. There continues to be ongoing Covid-19 uncertainty, more recently in regards to the presence of the Omicron variant and its impact on business activity and economies in general.

During the 2022 financial year, global stock markets experienced renewed market volatility due to ongoing Covid uncertainty, inflationary concerns, and political uncertainty in Europe (primarily as a result of the Ukraine/Russia conflict).

The preparation of Barramundi's financial statements for the financial year ended 30 June 2022 has not required the addition of any new judgements or estimates.

Barramundi provides shareholders and warrant holders with regular communications, covering the performance of the Company and the performance of the underlying stocks invested into by the Company. The communications include monthly updates, quarterly newsletters, and annual reports. Numerous NZX announcements are also made, including weekly and month end NAV per share, and interim and annual financial statements.

## HEALTH AND SAFETY

The Manager operates under a Health and Safety Policy. Under this policy, Fisher Funds assumes responsibility for the health and safety of its employees.

### Principle 7 – Auditors

The board should ensure the quality and independence of the external audit process.

Barramundi's Audit and Risk Committee makes recommendations to the board on the appointment of the external auditor. The Audit and Risk Committee monitors the independence and effectiveness of the external auditor and approves and reviews any non-audit services performed by the external auditor. An External Auditor Independence Policy, which documents the framework of Barramundi's relationship with its external auditor, was adopted by the board in May 2018. This policy includes procedures:

- (a) to sustain communication with Barramundi's external auditor;
- (b) to ensure that the ability of the external auditor to carry out its statutory audit role is not impaired, or could reasonably be perceived to be impaired;
- (c) to address what, if any, services (whether by type or level) other than its statutory audit roles may be provided by the external auditor to Barramundi; and
- (d) to provide for the monitoring and approval by the Audit and Risk Committee of any service provided by the external auditor to Barramundi other than in its statutory audit role.

The Audit and Risk Committee meets with the external auditor, without management present, to approve their terms of engagement, audit partner rotation (at least every five years) and audit fee, and to review and provide feedback in respect of the annual audit plan. The Audit and Risk Committee holds private sessions with the external auditor.

Barramundi's current external auditor, PricewaterhouseCoopers ("PwC"), was appointed by shareholders at the 2007 annual meeting in accordance with the provisions of the Companies Act 1993. PwC is automatically reappointed as auditor under Part 11, Section 207T of the Companies Act at the Annual Shareholders' Meeting, except in the limited circumstances set out in the Act.

The Audit and Risk Committee has assessed PwC to be independent and confirmed that the non-audit services they have provided in relation to confirming the amounts used in the Manager's performance fee calculation have not compromised PwC's independence. Written confirmation of PwC's independence has been obtained by the board.

PwC, as external auditor of the 2022 financial statements, will attend this year's Annual Shareholders' Meeting and will be available to answer questions about the conduct of the audit, preparation and content of the auditor's report, accounting policies adopted by Barramundi, and their independence in relation to the conduct of the audit.

Barramundi does not have an internal audit function, however the Company regularly reviews all areas of risk management and focuses on all operating and compliance risk obligations as described above in relation to Principle 6. Barramundi delegates day-to-day portfolio and administrative management responsibilities relating to Barramundi to the Manager, and the Corporate Manager is responsible for managing operational and compliance risks across Barramundi's business and reporting on those matters to the board as needed.

### Principle 8 – Shareholder rights and relations

The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

## INFORMATION FOR SHAREHOLDERS

The board recognises the importance of providing shareholders with comprehensive, timely and equal access to information about its activities. The board aims to ensure that shareholders have available to them all information necessary to assess Barramundi's performance.

Barramundi's website, [www.barramundi.co.nz](http://www.barramundi.co.nz), provides information to shareholders and investors about the Company. Barramundi's 'Investor Centre' part of its website contains a range of information, including periodic and continuous disclosures to NZX, annual reports, and content related to the Annual Shareholders' Meeting. The website also contains information about Barramundi's directors, copies of key corporate governance documents, and general company information.

## CORPORATE GOVERNANCE STATEMENT CONTINUED

The board recognises that other stakeholders may have an interest in Barramundi's activities. While there are no specific stakeholders' interests that are currently identifiable, Barramundi will continue to review policies in consideration of future interests.

### COMMUNICATING WITH SHAREHOLDERS

Barramundi communicates regularly with its shareholders through its monthly and quarterly updates. The Company receives questions from shareholders from time to time, and has processes in place to ensure shareholder communications are responded to within a reasonable timeframe. The Company's website sets out Barramundi's appropriate contact details for communications from shareholders. Barramundi also provides options for shareholders to receive and send communications by post or electronically.

### SHAREHOLDER VOTING RIGHTS

When required by the Companies Act 1993, Barramundi's Constitution, and the NZX Listing Rules, Barramundi will refer decisions to shareholders for approval. Barramundi's policy is to conduct voting at its shareholder meetings by way of poll and on the basis of one share, one vote.

### NOTICE OF ANNUAL MEETING

The 2022 Barramundi Notice of Annual Shareholders' Meeting will be sent to shareholders at least 20 working days prior to the meeting and will be published on Barramundi's website.

Subject to any Covid-19 restrictions which prevent the Company from holding a physical meeting, this year's Annual Shareholders' Meeting will be held at 10.30am on 14 October 2022, at the Ellerslie Event Centre in Auckland. Full participation of shareholders is encouraged at the Annual Shareholders' Meeting and shareholders are also encouraged to submit questions in writing prior to the meeting.

### MANAGEMENT AGREEMENT RENEWAL

The Management Agreement between Barramundi and Fisher Funds is subject to renewal every five years. The Management Agreement is next subject to renewal in 2026.

### NZX WAIVERS

There were no waivers granted by NZX or relied upon by the Company in the financial year ended 30 June 2022.

### CAPITAL RAISINGS

#### **Barramundi Share Issue (Warrant Conversion BRMWF)**

On 29 October 2021, Barramundi warrant holders had the option to convert their warrants into ordinary Barramundi shares at an exercise price of \$0.64 per warrant. On the same day, Barramundi shares were trading on-market at \$1.02, a 59% premium to the exercise price.

Warrant holders took advantage of this discount, with 48,082,491 warrants out of a possible 52,532,918 warrants (91.53%) being converted into Barramundi ordinary shares.

The new shares were allotted to warrant holders on 3 November 2021. All new shares have the same rights as current Barramundi shares, including participating in the company's quarterly dividend policy.

The remaining 4,450,427 warrants which were not exercised lapsed, and all rights in regards to them expired.

The additional funds were invested in Barramundi's investment portfolio of stocks, in similar proportions to the existing portfolio.

#### **Barramundi Warrant Issue (BRMWG)**

On 16 May 2022, Barramundi issued 66,682,342 warrants to eligible shareholders (being shareholders with a registered address in New Zealand) on the record date of 13 May 2022. Barramundi shareholders were issued one warrant for every four shares held on the record date. Each warrant entitles an eligible shareholder to subscribe for one additional share in Barramundi on the exercise date (26 May 2023).

The exercise price will be \$0.89 less any cash dividends declared on the shares by the Company with a record date between 16 May 2022 and the announcement of the exercise price. The final exercise price will be calculated and advised to warrant holders at least six weeks before the exercise date.

Further information in relation to the Barramundi warrant issue can be found in the Warrant Terms Offer Document dated 27 April 2022, at the following link: <https://barramundi.co.nz/assets/Investor-Centre/BRMWG-Warrant-Terms-Offer-Doc-2022.pdf>.

# DIRECTORS' STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 30 JUNE 2022

We present the financial statements for Barramundi Limited for the year ended 30 June 2022.

We have ensured that the financial statements for Barramundi Limited present fairly the financial position of the Company as at 30 June 2022 and its financial performance and cash flows for the year ended on that date.

We have ensured that the accounting policies used by the Company comply with generally accepted accounting practice in New Zealand and believe that proper accounting records have been kept. We have ensured compliance of the financial statements with the Financial Markets Conduct Act 2013.

We also consider that adequate controls are in place to safeguard the Company's assets and to prevent and detect fraud and other irregularities.

The Barramundi board authorised these financial statements for issue on 22 August 2022.



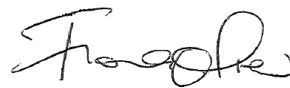
**Andy Coupe**



**Carol Campbell**



**David McClatchy**



**Fiona Oliver**

# FINANCIAL STATEMENTS CONTENTS

- 37 Statement of Comprehensive Income
- 38 Statement of Changes in Equity
- 39 Statement of Financial Position
- 40 Statement of Cash Flows
- 41 Notes to the Financial Statements
- 55 Independent Auditor's Report



BARRAMUNDI LIMITED  
**STATEMENT OF COMPREHENSIVE INCOME**  
 FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	2022 \$000	2021 \$000
Interest income		14	4
Dividend income		3,658	2,832
Net changes in fair value of investments	2	(36,432)	53,866
Other income	3	129	509
<b>Total (loss)/income</b>		<b>(32,631)</b>	<b>57,211</b>
Operating expenses	4	2,521	5,494
<b>Operating (loss)/profit before tax</b>		<b>(35,152)</b>	<b>51,717</b>
Total tax benefit	5	(507)	(600)
<b>Net operating (loss)/profit after tax attributable to shareholders</b>		<b>(34,645)</b>	<b>52,317</b>
<b>Total comprehensive (loss)/income after tax attributable to shareholders</b>		<b>(34,645)</b>	<b>52,317</b>
<b>Basic (losses)/earnings per share</b>	7	<b>(13.99c)</b>	<b>24.82c</b>
<b>Diluted (losses)/earnings per share</b>	7	<b>(13.99c)</b>	<b>23.43c</b>

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
	NOTES	SHARE CAPITAL \$000	(ACCUMULATED DEFICITS)/ RETAINED EARNINGS \$000	TOTAL EQUITY \$000
<b>Balance at 1 July 2020</b>		<b>164,928</b>	<b>(23,412)</b>	<b>141,516</b>
<b>Comprehensive income</b>				
Net operating profit after tax		-	52,317	52,317
<b>Total comprehensive income for the year ended 30 June 2021</b>		<b>-</b>	<b>52,317</b>	<b>52,317</b>
<b>Transactions with shareholders</b>				
Warrant issue costs		(3)	-	(3)
Dividends paid	6 (d)	-	(12,648)	(12,648)
New shares issued under dividend reinvestment plan	6 (e)	4,503	-	4,503
Reduction to share issue costs		6	-	6
<b>Total transactions with shareholders for the year ended 30 June 2021</b>		<b>4,506</b>	<b>(12,648)</b>	<b>(8,142)</b>
<b>Balance at 30 June 2021</b>		<b>169,434</b>	<b>16,257</b>	<b>185,691</b>
<b>Comprehensive income</b>				
Net operating (loss) after tax		-	(34,645)	(34,645)
<b>Total comprehensive (loss) for the year ended 30 June 2022</b>		<b>-</b>	<b>(34,645)</b>	<b>(34,645)</b>
<b>Transactions with shareholders</b>				
Shares issued for warrants exercised	6 (c)	30,693	-	30,693
Warrant issue costs	6 (c)	(13)	-	(13)
Dividends paid	6 (d)	-	(16,825)	(16,825)
New shares issued under dividend reinvestment plan	6 (e)	5,776	-	5,776
<b>Total transactions with shareholders for the year ended 30 June 2022</b>		<b>36,456</b>	<b>(16,825)</b>	<b>19,631</b>
<b>Balance at 30 June 2022</b>		<b>205,890</b>	<b>(35,213)</b>	<b>170,677</b>

The accompanying notes form an integral part of these financial statements.

BARRAMUNDI LIMITED  
 STATEMENT OF FINANCIAL POSITION  
 AS AT 30 JUNE 2022

	NOTES	2022 \$000	2021 \$000
		<b>\$000</b>	<b>\$000</b>
<b>SHAREHOLDERS' EQUITY</b>		<b>170,677</b>	<b>185,691</b>
Represented by:			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	10	2,576	949
Trade and other receivables	8	1,483	1,306
Financial assets at fair value through profit or loss	2	167,114	185,602
Current tax receivable	5	97	64
<b>Total Current Assets</b>		<b>171,270</b>	<b>187,921</b>
<b>Non-current Assets</b>			
Deferred tax asset	5	1,078	560
<b>Total Non-current Assets</b>		<b>1,078</b>	<b>560</b>
<b>TOTAL ASSETS</b>		<b>172,348</b>	<b>188,481</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	1,516	2,790
Financial liabilities at fair value through profit or loss	2	155	0
<b>Total Current Liabilities</b>		<b>1,671</b>	<b>2,790</b>
<b>TOTAL LIABILITIES</b>		<b>1,671</b>	<b>2,790</b>
<b>NET ASSETS</b>		<b>170,677</b>	<b>185,691</b>

These financial statements have been authorised for issue for and on behalf of the Board by:



**R A Coupe** / Chair  
 22 August 2022



**C A Campbell** / Chair of the Audit and Risk Committee  
 22 August 2022

The accompanying notes form an integral part of these financial statements.

BARRAMUNDI LIMITED  
**STATEMENT OF CASH FLOWS**  
 FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	2022 \$000	2021 \$000
<b>Operating Activities</b>			
Sale of listed equity investments		60,372	43,694
Interest received		14	4
Dividends received		3,629	2,722
Other income		116	516
Purchase of listed equity investments		(71,757)	(36,396)
Operating expenses		(6,000)	(3,233)
Taxes paid		(43)	(176)
Net settlement of forward foreign exchange contracts		(4,343)	(453)
<b>Net cash (outflows)/inflows from operating activities</b>	<b>10</b>	<b>(18,012)</b>	<b>6,678</b>
<b>Financing Activities</b>			
Proceeds from warrants exercised		30,693	-
Reduction to share issue costs to purchase ordinary shares		-	6
Warrant issue costs		(13)	(3)
Dividends paid (net of dividends reinvested)		(11,049)	(8,145)
<b>Net cash inflows/(outflows) from financing activities</b>		<b>19,631</b>	<b>(8,142)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<b>1,619</b>	<b>(1,464)</b>
Cash and cash equivalents at beginning of the year		949	2,416
Effects of foreign currency translation on cash balance		8	(3)
<b>Cash and cash equivalents at end of the year</b>	<b>10</b>	<b>2,576</b>	<b>949</b>

The accompanying notes form an integral part of these financial statements.



BARRAMUNDI LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022

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NOTE 1 BASIS OF ACCOUNTING

**Reporting Entity**

Barramundi Limited (“Barramundi” or “the Company”) is listed on the NZX Main Board, is registered in New Zealand under the Companies Act 1993 and is a FMC Reporting Entity under the Financial Markets Conduct Act 2013.

The Company’s registered office is Level 1, 67-73 Hurstmere Road, Takapuna, Auckland.

**Basis of Preparation**

These financial statements have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013, the NZX Main Board listing rules and New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate to for-profit entities, and International Financial Reporting Standards (IFRS).

The financial statements have been prepared on the historical cost basis, except for financial assets and liabilities at fair value through profit or loss.

The functional and reporting currency used to prepare the financial statements is New Zealand dollars, rounded to the nearest one thousand dollars. Where relevant, prior year comparatives have been reclassified to conform with current year financial statement presentation. Where there has been a material restatement of comparative information the nature of, and the reason for the restatement is disclosed in the relevant notes.

The operating expenses include GST where it is charged by other parties as it cannot be reclaimed.


**Foreign Currency Transactions and Translations**

Foreign currency transactions are converted into New Zealand dollars using exchange rates prevailing at transaction date. Foreign currency assets and liabilities are translated into New Zealand dollars using the exchange rates prevailing at the balance date.

Foreign exchange gains or losses relating to the financial assets and liabilities at fair value through profit or loss are presented in the Statement of Comprehensive Income within “Net changes in fair value of financial assets and liabilities”.

Foreign exchange gains and losses relating to cash and cash equivalents, trade and other receivables, and trade and other payables are presented in the Statement of Comprehensive Income within “Other income”.

**Accounting Policies**

Accounting policies that summarise the recognition and measurement basis used and are relevant to an understanding of the financial statements, are provided throughout the notes to the financial statements and are designated by a  symbol.

The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated.

There are no new accounting standards, amendments to standards and interpretations that have a material impact on these financial statements. The same applies for any new standards, amendments to standards and interpretations that have been issued but are not yet effective.


**Financial Reporting by Segments**

The Company operates in a single operating segment, being Australian financial investment.

The Company is managed as a whole and is considered to have a single operating segment. There is no further division of the Company or internal segment reporting used by the Directors when making strategic, investment or resource allocation decisions.

There has been no change to the operating segment during the year.

**Critical Judgements, Estimates and Assumptions**

The preparation of financial statements requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Judgements are designated by a  symbol in the notes to the financial statements. There were no material estimates or assumptions required in the preparation of these financial statements.

**Authorisation of Financial Statements**

The Barramundi Board of Directors authorised these financial statements for issue on 22 August 2022.

No party may change these financial statements after their issue.

**NOTE 2 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

Given that the investment portfolio is managed, and performance is evaluated, on a fair value basis in accordance with a documented investment strategy, Barramundi has classified all of its investments at fair value through profit or loss.



Investments are initially recognised at fair value and are subsequently revalued to reflect changes in fair value. Net changes in the fair value of financial assets and liabilities are recognised in the Statement of Comprehensive Income.

Financial assets at fair value through profit or loss comprise Australian listed equity investment assets and forward foreign exchange contracts with positive value.

Financial liabilities at fair value through profit or loss comprise forward foreign exchange contracts with negative value.

Forward foreign exchange contracts can be used as economic hedges for equity investments against currency risk. They are accounted for on the same basis as those investments and are recognised at their fair value.

All purchases and sales of investments are recognised at trade date, which is the date the Company commits to purchase or sell the investment and transaction costs are expensed as incurred. When an investment is sold, any gain or loss arising on the sale is included in the Statement of Comprehensive Income. Realised gains or losses are calculated as the difference between the sale proceeds and the carrying amount of the item.

The fair value of listed equity investments traded in active markets are based on last sale prices at balance date, except where the last sale price falls outside the bid-ask spread for a particular investment, in which case the bid price will be used to value the investment.

The fair value of forward foreign exchange contracts is determined by using valuation techniques based on spot exchange rates and forward points supplied by a reputable pricing vendor.

Dividend income from investments is recognised in the Statement of Comprehensive Income when the Company's right to receive payments is established (ex-dividend date).

Investments recognised at fair value are categorised according to a fair value hierarchy that shows the extent of judgement used in determining their fair value. Where unadjusted quoted prices are used in an active market, the investments are categorised as Level 1. When significant inputs derived from observable market data are used, the investments are categorised as Level 2. If significant inputs are not based on observable market data, they are categorised as Level 3.



All listed equity investments held by Barramundi are categorised as Level 1 and all forward foreign exchange contracts are classified as Level 2 in the fair value hierarchy. There have been no transfers between levels of the fair value hierarchy during the year (2021: none).

There were no financial instruments classified as Level 3 at 30 June 2022 (2021: none).

	2022	2021
<b>Investments at Fair Value through Profit or Loss</b>	<b>\$000</b>	<b>\$000</b>
<b>Financial Assets:</b>		
Australian listed equity investments	166,205	185,471
Forward foreign exchange contracts	909	131
<b>Total financial assets at fair value through profit or loss</b>	<b>167,114</b>	<b>185,602</b>
<b>Financial Liabilities:</b>		
Forward foreign exchange contracts	155	-
<b>Total financial liabilities at fair value through profit or loss</b>	<b>155</b>	<b>-</b>
<b>Net Changes in Fair Value of Investments</b>		
Australian listed equity investments	(38,225)	53,663
Foreign exchange gains on Australian listed equity investments	5,514	555
Losses on forward foreign exchange contracts	(3,721)	(352)
<b>Net changes in fair value of investments through profit or loss</b>	<b>(36,432)</b>	<b>53,866</b>

The notional value of forward foreign exchange contracts held at 30 June 2022 was \$120,648,922 (2021: \$122,191,923).

### NOTE 3 OTHER INCOME

	2022	2021
	<b>\$000</b>	<b>\$000</b>
GST refund (note 11(a)(ii))	-	492
Foreign exchange gains on cash and cash equivalents and outstanding settlements	129	17
<b>Total other income</b>	<b>129</b>	<b>509</b>

### NOTE 4 OPERATING EXPENSES

Management fee (note 11(a)(i))	1,511	2,107
Performance fee (note 11(a)(i))	-	2,478
Administration services (note 11(a)(i))	159	159
Directors' fees (note 11(b))	187	176
Custody, accounting and brokerage	267	222
Investor relations and communications	156	145
NZX fees	59	62
Professional fees	43	42
Fees paid to the auditor:		
Statutory audit and review of financial statements	48	38
Non-assurance services <sup>1</sup>	-	2
Regulatory fees	24	17
Other operating expenses	67	46
<b>Total operating expenses</b>	<b>2,521</b>	<b>5,494</b>

<sup>1</sup> Non-assurance services in the previous year relate to agreed upon procedures performed in respect of the performance fee calculation. No other fees were paid to the auditor.

## NOTE 5 TAXATION

Barramundi is a Portfolio Investment Entity ("PIE") for tax purposes.



Taxation expense comprises both current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at balance date, and any adjustment to tax payable in respect of previous years. Current tax for current and prior periods is recognised as a liability or asset to the extent that it is unpaid (or refundable). Deferred tax (if any) is recognised as the difference between the carrying amounts of assets and liabilities in the financial statements and the amounts used for taxation purposes. A deferred tax asset is only recognised to the extent it is probable it will be utilised.

	2022	2021
	\$000	\$000
<b>Taxation expense is determined as follows:</b>		
<b>Operating (loss)/profit before tax</b>	<b>(35,152)</b>	<b>51,717</b>
Non-taxable realised gain on financial assets and liabilities	(17,364)	(12,793)
Non-taxable unrealised loss/(gain) on financial assets and liabilities	50,084	(41,267)
Fair Dividend Rate income	690	253
Exempt dividends subject to Fair Dividend Rate	(57)	(52)
Imputation credits	105	91
Non-deductible expenses and other	215	174
Forfeit of foreign tax credits	43	86
Prior period adjustment	-	(27)
<b>Loss for tax purposes</b>	<b>(1,436)</b>	<b>(1,818)</b>
<b>Tax at 28%</b>	<b>(402)</b>	<b>(509)</b>
Imputation credits	(105)	(91)
<b>Total tax benefit</b>	<b>507</b>	<b>600</b>
<i>Taxation (benefit) comprises:</i>		
Current tax	-	-
Deferred tax	(517)	(617)
Forfeit of tax credits	10	24
Prior period adjustment	-	(7)
<b>Total tax benefit</b>	<b>(507)</b>	<b>(600)</b>
<b>Current tax balance</b>		
Opening balance	64	(94)
Tax paid	33	151
Prior period adjustment	-	7
<b>Current tax receivable</b>	<b>97</b>	<b>64</b>
<b>Deferred tax balance</b>		
Opening balance	560	(58)
Accrued dividends	(7)	(48)
Tax credits	-	93
Current year losses	525	573
<b>Deferred tax asset</b>	<b>1,078</b>	<b>560</b>

- j** A deferred tax asset is recognised only if it is probable that future tax profits will be available to utilise against the deferred tax asset.

#### Imputation credits

The imputation credits available for subsequent reporting periods total \$33,784 (2021: \$633). This amount represents the balance of the imputation credit account at the end of the reporting period, adjusted for imputation credits that will arise from the receipt of dividends recognised as a receivable at 30 June 2022.

## NOTE 6 SHAREHOLDERS' EQUITY

### a. Share Capital

- i** Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares and warrants are shown in equity as a deduction.

When shares are acquired by the Company, the amount of consideration paid is recognised directly in equity. Acquired shares are classified as treasury stock and presented as a deduction from share capital. When treasury stock is subsequently sold or reissued, the cost of treasury stock is reversed and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised within share capital.

Barramundi has 268,464,628 fully paid ordinary shares on issue (2021: 213,764,688). All ordinary shares rank equally and have no par value. All shares carry an entitlement to dividends and one vote is attached to each fully paid ordinary share.

### b. Buybacks

Barramundi maintains an ongoing share buyback programme. For the year ended 30 June 2022, Barramundi did not acquire any shares (2021: nil) under the programme which allows up to 5% of the ordinary shares on issue (as at the date 12 months prior to the acquisition) to be acquired. Shares acquired under the buyback programme are held as treasury stock and subsequently reissued to shareholders under the dividend reinvestment plan. There were no shares held as treasury stock at balance date (2021: nil).

### c. Warrants

On 29 October 2021, 48,082,491 warrants valued at \$30,772,794 less issue costs of \$80,097 (net (\$30,692,697)) were exercised at \$0.64 per warrant, and the remaining 4,450,427 warrants lapsed.

On 16 May 2022, 66,682,342 warrants were allotted and quoted on the NZX Main Board on 17 May 2022. One new warrant was issued to all eligible shareholders for every four shares held on record date. The warrants were exercisable at \$0.89 per warrant, adjusted down for dividends declared during the period up to the exercise date of 26 May 2023. Warrant holders can elect to exercise some or all of their warrants on the exercise date. The net cost of issuing the warrants of \$13,482 is deducted from share capital.

### d. Dividends

- j** Dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are declared by the Barramundi Board.

Barramundi has a distribution policy where 2% of average NAV is distributed each quarter. Dividends paid during the year comprised:

	2022 \$000	CENTS PER SHARE		2021 \$000	CENTS PER SHARE
24 Sep 2021	3,613	1.69	25 Sep 2020	2,797	1.34
17 Dec 2021	4,762	1.81	18 Dec 2020	3,047	1.45
25 Mar 2022	4,449	1.68	26 Mar 2021	3,339	1.58
23 Jun 2022	4,001	1.50	25 Jun 2021	3,465	1.63
	16,825	6.68		12,648	6.00

## NOTE 6 SHAREHOLDERS' EQUITY CONTINUED

**e. Dividend Reinvestment Plan**

Barramundi has a dividend reinvestment plan which provides ordinary shareholders with the option to reinvest all or part of any cash dividends in fully paid ordinary shares at a 3% discount to the five-day volume weighted average share price from the date the shares trade ex-entitlement. During the year ended 30 June 2022, 6,617,449 ordinary shares totalling \$5,775,560 (2021: 5,044,948 ordinary shares totalling \$4,503,104) were issued in relation to the plan for the quarterly dividends paid. To participate in the dividend reinvestment plan, a completed participation notice must be received by Barramundi before the next record date.

## NOTE 7 EARNINGS PER SHARE





Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the year. Diluted earnings per share assumes conversion of all dilutive potential ordinary shares in determining the denominator. Potential ordinary shares include outstanding warrants.

	2022	2021
<b>Basic earnings per share</b>		
Net operating (loss)/profit after tax attributable to shareholders of the Company (\$'000)	(34,645)	52,317
Weighted average number of ordinary shares on issue net of treasury stock ('000)	247,668	210,776
<b>Basic (losses)/earnings per share</b>	<b>(13.99c)</b>	<b>24.82c</b>
<b>Diluted earnings per share</b>		
Net operating (loss)/profit after tax attributable to shareholders of the Company (\$'000)	(34,645)	52,317
Weighted average number of ordinary shares on issue net of treasury stock ('000)	247,668	210,776
Diluted effect of warrants on issue ('000) <sup>1</sup>	-	12,558
	247,668	223,334
<b>Diluted (losses)/earnings per share</b>	<b>(13.99c)</b>	<b>23.43c</b>

<sup>1</sup> Warrants on issue at the end of the period were not assumed to be exercised because they were antidilutive in the period as the warrant exercise price (less dividends paid) of \$0.88 was greater than the average share price of \$0.83 between the date of issue and 30 June 2022.


## NOTE 8 TRADE AND OTHER RECEIVABLES


 Trade and other receivables are classified as financial assets at amortised cost and are initially recognised at fair value, and subsequently measured at amortised cost less any provision for impairment. Receivables are assessed on a case-by-case basis for impairment.

 The trade and other receivables' carrying values are a reasonable approximation of fair value.

	2022	2021
	\$000	\$000
Dividends receivable	408	375
Related party receivable (note 11(a)(ii))	1,007	-
Unsettled investment sales	45	922
Prepayments	23	9
<b>Total trade and other receivables</b>	<b>1,483</b>	<b>1,306</b>

## NOTE 9 TRADE AND OTHER PAYABLES

 Trade and other payables are classified as other financial liabilities and are initially recognised at fair value, and subsequently measured at amortised cost.

 The trade and other payables' carrying values are a reasonable approximation of fair value.

	2022	2021
	\$000	\$000
Dividends payable	60	59
Related party payable (note 11(a)(i))	188	2,683
Unsettled investment purchases	1,183	-
Other payables and accruals	85	48
<b>Total trade and other payables</b>	<b>1,516</b>	<b>2,790</b>

## NOTE 10 CASH AND CASH FLOW RECONCILIATION

**Cash and Cash Equivalents**

Cash and cash equivalents are classified as financial assets at amortised cost and comprise cash on deposit at banks.

	2022	2021
	\$000	\$000
Cash - New Zealand dollars	542	936
Cash - Australian dollars	2,034	13
<b>Cash and cash equivalents</b>	<b>2,576</b>	<b>949</b>
<b>Reconciliation of Net Operating Profit after Tax to Net Cash Flows from Operating Activities</b>		
<b>Net operating profit/(loss) after tax</b>	<b>(34,645)</b>	<b>52,317</b>
<b>Items not involving cash flows:</b>		
Unrealised (gains)/losses on cash and cash equivalents	(8)	3
Unrealised losses/(gains) on revaluation of investments	50,084	(41,267)
Unrealised (gains) on forward foreign exchange contracts	(623)	(101)
	<b>49,453</b>	<b>(41,365)</b>
<b>Impact of changes in working capital items</b>		
(Decrease)/increase in trade and other payables	(1,274)	1,686
(Increase) in trade and other receivables	(177)	(1,047)
Change in current and deferred tax	(551)	(776)
	<b>(2,002)</b>	<b>(137)</b>
<b>Items relating to investments</b>		
Amounts paid for purchases of investments	(71,757)	(36,396)
Amounts received from sales of investments net of realised gains/losses	47,342	31,196
Net amount received on settlement of forward foreign exchange contracts	(4,343)	(453)
Movements in unsettled purchases of investments	(1,183)	594
Movements in unsettled sales of investments	(877)	922
	<b>(30,818)</b>	<b>(4,137)</b>
<b>Net cash (outflows)/inflows from operating activities</b>	<b>(18,012)</b>	<b>6,678</b>

## NOTE 11 RELATED PARTY INFORMATION



Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.



#### a. Fisher Funds Management Limited

Fisher Funds Management Limited ("Fisher Funds" or "the Manager") is an entity that provides key management personnel services to Barramundi by virtue of its management agreement.

In return for the performance of its duties as Manager, Fisher Funds is paid the following fees:

**Management fee:** 1.25% (plus GST) per annum of the gross asset value, calculated weekly and payable monthly in arrears. The fee reduces if the Manager underperforms, thereby aligning the Manager's interests with those of the Barramundi shareholders. For every 1% underperformance (relative to the change in the NZ 90 Day Bank Bill Index) the management fee percentage is reduced by 0.1%, subject to a minimum 0.75% per annum management fee.

**Performance fee:** Fisher Funds may earn an annual performance fee of 10% plus GST of excess returns over and above the performance fee hurdle return (being the change in the NZ 90 Day Bank Bill Index plus 7%) subject to achieving the High Water Mark ("HWM"). The total performance fee amount is subject to a cap of 1.25% of the adjusted net asset value (prior to performance fees) and is settled fully in cash.

The HWM is the dollar amount by which the net asset value per share exceeds the highest net asset value per share (after adjustment for capital changes and distributions) at the end of any previous calculation period in which a performance fee was payable, multiplied by the number of shares at the end of the period.

In accordance with the terms of the Management Agreement, when a performance fee is earned, it is paid within 60 days of the balance date.



Performance fees paid to the Manager are recognised as an expense in the Statement of Comprehensive Income and treated in line with a typical operating expense.

**Administration fee:** Fisher Funds provides corporate administration services and a fee is payable monthly in arrears.

#### (i) Fees Earned and Payable:

	2022	2021
	\$000	\$000
<b>Fees earned by and accrued to the Manager for the year ended 30 June</b>		
Management fees	1,511	2,107
Performance fees	-	2,478
Administration services	159	159
<b>Operating expenses</b>	<b>1,670</b>	<b>4,744</b>

For the year ended 30 June 2022, the Manager did not achieve a return in excess of the performance fee hurdle return and the HWM (2021: excess returns of \$43,716,564 were generated). Accordingly, the Company has not expensed a performance fee (2021: Performance fee of \$2,477,923 was expensed).

<b>Fees payable to the Manager at 30 June</b>		
Management fees	175	192
Performance fees	-	2,478
Administration services	13	13
<b>Related party payables</b>	<b>188</b>	<b>2,683</b>

## NOTE 11 RELATED PARTY INFORMATION CONTINUED

**(ii) Other Income Earned and Credit Note****Income Received from the Manager for the Year Ended 30 June 2021****GST refund**

On 30 April 2021, Fisher Funds received a GST refund plus use of money interest (UOMI) from the Inland Revenue Department ("IRD"). The refund relates to the period 1 April 2004 to 31 July 2009 when the Manager applied 15% GST on management fees, when a subsequent assessment confirmed the Manager was entitled to charge only 1.5% GST on management fees. The total GST refund received by the Manager on behalf of Barramundi is \$491,502, being overcharged GST refunded of \$481,644 plus UOMI of \$9,858.

The GST refund was received by Barramundi in May 2021.

The GST refund and UOMI was excluded from any performance fee calculation, consistent with how they have been treated in the past given they were not performance related income for the year.

	2022	2021
	\$000	\$000
<b>Fees receivable from the Manager 30 June</b>		
Management fee credit note	1,007	-
<b>Related party receivable</b>	<b>1,007</b>	<b>-</b>

Fisher Fund's management fee was calculated and invoiced at 1.25% of gross asset value, with a balance date adjustment to reduce the management fee to 0.75% of gross asset value (30 June 2021: no adjustment) as the gross return underperformed the NZ 90 Day Bank Bill Index by 19.4%. As a result of the management fee adjustment which had been accrued in the accounts during the year, Fisher Funds raised a credit note for \$1,007,381 at balance date which will be used by the Company to cover future monthly management fees.

**b. Directors**

Barramundi considers its Board of Directors ("Directors") key management personnel. Barramundi does not have any employees.

During the financial year the Directors earned fees for their services of \$187,114 (2021: \$176,247). The Directors' fee pool is \$157,500 (plus GST, if any) for the year ended 30 June 2022 (30 June 2021: \$157,500 + GST). There were no Director fees payable at the end of the period (30 June 2021: nil). Directors' fees exceed the pool due to the Company temporarily having five directors during the year between the appointment of David McClatchy (1 July 2021) and the retirement of Carmel Fisher (6 August 2021).

The Directors held shares in the company as at 30 June 2022 which total 0.11% of total shares on issue (30 June 2021: 3.14%). The Directors held warrants in the Company as at 30 June 2022 which total 0.11% of total warrants on issue (30 June 2021: 2.31%). The reduction in Director shareholding and warrant holding is a result of changes in Directors during the period.

Dividends of \$28,284 (2021: \$376,419) were also received by directors or their associates as a result of their shareholding.

**c. Investment Transactions with Related Parties**

Off-market transactions between Barramundi and other funds managed by Fisher Funds take place for the purposes of rebalancing portfolios without incurring brokerage costs. These transactions are conducted after the market has closed at last sale price (on an arm's length basis). Purchases for the year ended 30 June 2022 totalled \$567,988 (2021: \$168,533) and sales totalled \$2,679,600 (2021: Nil).

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## NOTE 12 FINANCIAL RISK MANAGEMENT

The Company is subject to a number of financial risks which arise as a result of its investment activities, including market risk, credit risk and liquidity risk.

The Management Agreement between Barramundi and Fisher Funds details permitted investments. Financial instruments currently recognised in the financial statements also comprise cash and cash equivalents, forward foreign exchange contracts, trade and other receivables and trade and other payables.

### **Market Risk**

All equity investments present a risk of loss of capital, often due to factors beyond the Company's control such as competition, regulatory changes, commodity price changes and changes in general economic climates domestically and internationally. The Manager moderates this risk through careful stock selection, diversification and daily monitoring of the market positions. For corporate governance purposes there is also regular reporting to the Board of Directors. In addition, the Manager has to meet the criteria of authorised investments within the prudential limits defined in the Management Agreement.

The market risk of the Company is concentrated in Australia.

### **Price Risk**

Price risk is the risk of gains or losses from changes in the market price of investments. The Company is exposed to the risk of fluctuations in the underlying value of its listed portfolio companies. One company comprised more than 10% of Barramundi's total assets at 30 June 2022 (2021: none). CSL Limited comprised 10% (2021: 9%) of Barramundi's total assets, and therefore fluctuations in the value of this portfolio company will have a greater impact on the overall investments balance.

### **Interest Rate Risk**

Interest rate risk is the risk of movements in interest rates. Surplus cash is held in interest bearing Australian and New Zealand bank accounts. The Company is therefore exposed to the risk of changes in interest income from movements in both Australian and New Zealand interest rates. There is no hedge against the risk of movements in interest rates.

### **Currency Risk**

Currency risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in foreign exchange rates. The Company holds assets denominated in Australian dollars and it is therefore exposed to currency risk as the value of these assets in Australian dollars will fluctuate with changes in the relative value of the New Zealand dollar. The Company mitigates this risk by entering into forward foreign exchange contracts as and when the Manager deems it appropriate. At any time during the year the portfolio may be hedged by an amount deemed appropriate by the Manager.

## NOTE 12 FINANCIAL RISK MANAGEMENT CONTINUED

**Market Risk (continued)****Sensitivity Analysis**

The table below summarises the impact on net operating profit after tax and shareholders' equity to reasonably possible changes arising from market risk exposure at 30 June as follows:

		2022	2021
		\$000	\$000
<b>Price risk<sup>1</sup></b>			
Australian listed equity investments	Carrying value	166,205	185,471
	Impact of a 20% change in market prices: +/-	33,241	37,094
<b>Interest rate risk<sup>2</sup></b>			
Cash and cash equivalents	Carrying value	2,576	949
	Impact of a 1% change in interest rates: +/-	26	9
<b>Currency risk<sup>3</sup></b>			
Cash and cash equivalents	Carrying value	2,034	13
	Impact of a +10% change in exchange rates	(185)	(1)
	Impact of a -10% change in exchange rates	226	1
Australian listed equity investments	Carrying value	166,205	185,471
	Impact of a +10% change in exchange rates	(15,110)	(16,861)
	Impact of a -10% change in exchange rates	18,467	20,608
Forward foreign exchange contracts	Carrying value	754	131
	Impact of a +10% change in exchange rates	10,968	11,108
	Impact of a -10% change in exchange rates	(13,405)	(13,577)
Net foreign currency payables/receivables	Carrying value	(730)	1,297
	Impact of a +10% change in exchange rates	66	(118)
	Impact of a -10% change in exchange rates	(81)	144

<sup>1</sup> A variable of 20% is considered appropriate for market price risk sensitivity analysis based on historical price movements.

<sup>2</sup> A variable of 1% was selected as this is a reasonably expected movement based on historical volatility. The percentage movement for the interest rate sensitivity relates to an absolute change in interest rate rather than a percentage change in interest rate.

<sup>3</sup> A variable of 10% was selected as this is a reasonably expected movement based on historic trends in exchange rate movements.

**Credit Risk**

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. In the normal course of its business, the Company is exposed to credit risk from transactions with its counterparties.

Australian listed equity investments are held by an independent custodian, Trustees Executors Limited. All transactions in listed securities are paid for on delivery according to standard settlement instructions and are normally settled within three business days. Dividends receivable are due from listed Australian companies and are normally settled within a month after the Ex-Dividend date. The Company has cash and forward foreign exchange contracts with banks registered in New Zealand and Australia which carry a minimum short-term credit rating of S&P AA-.

The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At balance date, cash at bank was held with counterparties with a credit rating of S&P AA- or equivalent. Trade and other receivables are normally settled within three business days.

Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Company.

The maximum credit risk of financial assets is deemed to be their carrying amount as reported in the Statement of Financial Position.

Other than cash at bank, short term unsettled trades and dividends receivable, there are no significant concentrations of credit risk. The Company does not expect non-performance by counterparties, therefore no collateral or security is required.

**Liquidity Risk**

Liquidity risk is the risk that the assets held by the Company cannot readily be converted to cash in order to meet the Company's financial obligations as they fall due. The Company endeavours to invest the proceeds from the issue of shares in appropriate investments while maintaining sufficient liquidity (through daily cash monitoring) to meet working capital and investment requirements. All trade and other payables have contractual maturities of three months or less.

Liquidity to fund investment requirements can be augmented through the procurement of a debt facility from a registered bank to a maximum value of 20% of the gross asset value of the Company. There were no such debt facilities at 30 June 2022 (2021: nil).

All derivative financial liabilities held by the Company have contractual maturities of three months or less.

There have been no subsequent events to suggest any issues with satisfying working capital and investment requirements.

**Capital Risk Management**

The Company's objective is to prudently manage shareholder capital (share capital, reserves, accumulated deficits) and borrowings (if any).

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, undertake share buybacks, issue new shares and secure borrowings in the short term.

The Company was not subject to any externally imposed capital requirements during the year.

Since announcing a long-term distribution policy in August 2009, the Company continues to pay 2% of average net asset value each quarter.

**NOTE 13 NET ASSET VALUE**

The audited net asset value per share of Barramundi as at 30 June 2022 was \$0.64 (2021: \$0.87), calculated as the net assets of \$170,677,223 divided by the number of shares on issue of 268,464,628 (2021: net assets of \$185,691,037 and shares on issue of 213,764,688).

**NOTE 14 COMMITMENTS AND CONTINGENT LIABILITIES**

There were no unrecognised contractual commitments or contingent liabilities as at 30 June 2022 (2021: nil).

**NOTE 15 SUBSEQUENT EVENTS**

**Dividend:** The Board declared a dividend of 1.36 cents per share on 22 August 2022. The record date for this dividend is 8 September 2022 with a payment date of 23 September 2022.

**Subsequent Performance:** As at 17 August 2022 the Barramundi unaudited net asset value (NAV) had increased to \$197.9 million, up 15.9% from 30 June 2022, due to market movements. Barramundi reports its unaudited NAV to the NZX on a weekly and monthly basis.

There were no other events which require adjustment to, or disclosure, in these financial statements.

## Independent auditor's report

To the shareholders of Barramundi Limited

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### Our opinion

In our opinion, the accompanying financial statements of Barramundi Limited (the Company) present fairly, in all material respects, the financial position of the Company as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

### What we have audited

The financial statements comprise:

- the statement of financial position as at 30 June 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company.

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### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. Given the nature of the Company, we have one key audit matter: Valuation and existence of Australian listed equity investments. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Description of the key audit matter	How our audit addressed the key audit matter
<p><b>Valuation and existence of Australian listed equity investments</b></p> <p>Australian listed equity investments (the investments) are valued at \$166 million and represent 96% of total assets.</p> <p>Further disclosures on the investments are included in note 2 to the financial statements.</p> <p>This was an area of focus for our audit and an area where a significant proportion of audit effort was directed.</p> <p>As at 30 June 2022, all investments were in companies that were listed on the ASX and were actively traded with readily available, quoted market prices. The market prices were quoted in Australian dollars, and were then translated to New Zealand dollars using the exchange rate at 30 June 2022.</p> <p>All investments are held by Trustees Executors Limited (the Custodian) on behalf of the Company. Trustees Executors Limited also provides administration services for the Company.</p>	<p>Our audit procedures included updating our understanding of the business processes employed by the Company for accounting for, and valuing, its investment portfolio. We obtained confirmation from the Custodian that the Company was the recorded owner of all the recorded investments.</p> <p>We obtained copies of and assessed Trustees Executors Limited's Internal Controls Reports for Custody, Investment Accounting and Registry services for the period from 1 April 2021 to 31 March 2022. Trustees Executors Limited has confirmed that there has been no material change to the control environment in the period from 1 April 2022 to 30 June 2022.</p> <p>We agreed the price for all investments held at 30 June 2022 and the exchange rate at which they have been converted from Australian dollars to New Zealand dollars to independent third-party pricing sources.</p>

## Our audit approach

### Overview

<b>Materiality</b>	<p>Overall materiality: \$853,000, which represents approximately 0.5% of net assets.</p> <p>We chose net assets as the benchmark because, in our view, the objective of the Company is to provide investors with a total return on its assets, taking account of both capital and income returns.</p>
<b>Key audit matters</b>	<p>As reported above, we have one key audit matter, being: <i>Valuation and existence of Australian listed equity investments</i>.</p>

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.



**Materiality**

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

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**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors and use our professional judgement to determine the appropriate action to take.

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**Responsibilities of the Directors for the financial statements**

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/>

This description forms part of our auditor's report.



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**Who we report to**

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

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The engagement partner on the audit resulting in this independent auditor's report is Philip Taylor.

For and on behalf of:

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

Chartered Accountants

22 August 2022

Auckland

# SHAREHOLDER INFORMATION

## SPREAD OF SHAREHOLDERS AS AT 5 AUGUST 2022

Holding Range	# of Shareholders	# of Shares	% of Total
1 to 999	250	107,671	0.04
1,000 to 4,999	677	1,761,104	0.66
5,000 to 9,999	842	5,837,602	2.17
10,000 to 49,999	2,453	57,747,040	21.51
50,000 to 99,999	666	45,837,972	17.07
100,000 to 499,999	547	101,378,681	37.77
500,000 +	46	55,794,558	20.78
<b>TOTAL</b>	<b>5,481</b>	<b>268,464,628</b>	<b>100.00</b>

## 20 LARGEST SHAREHOLDERS AS AT 5 AUGUST 2022

Holder Name	# of Shares	% of Total
ASB NOMINEES LIMITED <ACCOUNT 340941 - ML>	7,459,348	2.78
CUSTODIAL SERVICES LIMITED <A/C 4>	4,356,851	1.62
NEW ZEALAND DEPOSITORY NOMINEE LIMITED <A/C 1 CASH ACCOUNT>	4,057,840	1.51
LEVERAGED EQUITIES FINANCE LIMITED	3,633,957	1.35
ANTHONY JOHN SIMMONDS & MAUREEN SIMMONDS <AJ & M SIMMONDS PARTNERSHIP A/C>	2,912,910	1.09
FORSYTH BARR CUSTODIANS LIMITED <1-CUSTODY>	2,578,331	0.96
FNZ CUSTODIANS LIMITED	2,552,560	0.95
FRANZ CHRISTIAN ELIAS	1,446,534	0.54
IVOR ANTHONY MILLINGTON	1,400,000	0.52
ROGER GEORGE JOBSON	1,376,144	0.51
RUSSELL NOEL HARRIS & ELLEN CHRISTINE HARRIS	1,153,910	0.43
LAPAUGE LIMITED	929,729	0.35
BARRY NEVILLE COLMAN	887,500	0.33
IVAN WILLIAM FOX	880,415	0.33
DAVID WILLIAM FREDERICK HAWORTH	836,623	0.31
JOHN ROBERT MACDONNELL	810,093	0.30
WILLIAM EDWARD ATKINS	800,000	0.30
BRIAN WILLIAM DRUMMOND	792,242	0.30
COLIN ALEXANDER GREIG	790,832	0.29
MIRJANA VILKE	779,600	0.29
<b>TOTAL</b>	<b>40,435,419</b>	<b>15.06</b>

## SHAREHOLDER INFORMATION CONTINUED

### SPREAD OF WARRANT HOLDERS AS AT 5 AUGUST 2022

Holding Range	# of Warrant holders	# of Warrants	% of Total
1 to 999	789	324,378	0.49
1,000 to 4,999	2,035	5,410,675	8.11
5,000 to 9,999	1,024	7,191,294	10.78
10,000 to 49,999	1,273	26,267,451	39.40
50,000 to 99,999	135	9,240,954	13.86
100,000 to 499,999	69	10,558,524	15.83
500,000 +	8	7,689,066	11.53
<b>TOTAL</b>	<b>5,333</b>	<b>66,682,342</b>	<b>100.00</b>

### 20 LARGEST WARRANT HOLDERS AS AT 5 AUGUST 2022

Holder Name	# of Warrants	% of Total
ASB NOMINEES LIMITED <ACCOUNT 340941 - ML>	1,864,837	2.80
CUSTODIAL SERVICES LIMITED <A/C 4>	1,133,162	1.70
NEW ZEALAND DEPOSITORY NOMINEE LIMITED <A/C 1 CASH ACCOUNT>	939,848	1.41
LEVERAGED EQUITIES FINANCE LIMITED	897,755	1.35
DAVID SYLVESTER MACKIE	868,947	1.30
ANTHONY JOHN SIMMONDS & MAUREEN SIMMONDS <AJ & M SIMMONDS PARTNERSHIP A/C>	714,746	1.07
FORSYTH BARR CUSTODIANS LIMITED <1-CUSTODY>	644,221	0.97
FNZ CUSTODIANS LIMITED	625,550	0.94
RODNEY VALENTINO DENNIS OLLIFF	387,000	0.58
IVOR ANTHONY MILLINGTON	350,000	0.52
ROGER GEORGE JOBSON	344,036	0.52
CECILE BUCHANAN	300,000	0.45
LAPAUGE LIMITED	232,433	0.35
BARRY NEVILLE COLMAN	221,875	0.33
IVAN WILLIAM FOX	220,104	0.33
CHARLES LEONARD MICHAEL MORING	211,675	0.32
DAVID WILLIAM FREDERICK HAWORTH	209,156	0.31
COLIN ALEXANDER GREIG	205,048	0.31
JOHN ROBERT MACDONNELL	198,774	0.30
BRIAN WILLIAM DRUMMOND	198,061	0.30
<b>TOTAL</b>	<b>10,767,228</b>	<b>16.15</b>

# STATUTORY INFORMATION

## DIRECTORS' RELEVANT INTERESTS IN EQUITY SECURITIES AS AT 30 JUNE 2022 INTERESTS REGISTER

Barramundi is required to maintain an interests register in which the particulars of certain transactions and matters involving the directors must be recorded. The interests register for Barramundi is available for inspection at its registered office. Particulars of entries in the interests register as at 30 June 2022 are as follows:

	Ordinary Shares	Warrants
	Held Directly	Held Directly
R A Coupe <sup>(1)</sup>	128,683	31,575
C A Campbell <sup>(2)</sup>	167,676	41,143
D M McClatchy <sup>(3)</sup>	3,169	778
F A Oliver <sup>(4)</sup>	-	-

<sup>(1)</sup> R A Coupe purchased 3,451 shares on market in the year ended 30 June 2022 as per the Barramundi share purchase plan (purchase price \$1.08). R A Coupe acquired 8,911 shares in the year ended 30 June 2022, issued under the dividend reinvestment plan (average issue price \$0.98). R A Coupe exercised 22,387 warrants in the year ended 30 June 2022. R A Coupe was allocated 31,575 warrants in the year ended 30 June 2022.

<sup>(2)</sup> C A Campbell purchased 3,451 shares on market in the year ended 30 June 2022 as per the Barramundi share purchase plan (purchase price \$1.08). C A Campbell acquired 11,608 shares in the year ended 30 June 2022, issued under the dividend reinvestment plan (average issue price \$0.98). C A Campbell exercised 29,372 warrants in the year ended 30 June 2022. C A Campbell was allocated 41,143 warrants in the year ended 30 June 2022.

<sup>(3)</sup> D M McClatchy purchased 2,990 shares on market in the year ended 30 June 2022 as per the Barramundi share purchase plan (purchase price \$1.08). D M McClatchy acquired 179 shares in the year ended 30 June 2022, issued under the dividend reinvestment plan (average issue price \$0.85). D M McClatchy was allocated 778 warrants in the year ended 30 June 2022.

<sup>(4)</sup> F A Oliver joined the board 1 June 2022 and does not currently hold any Barramundi shares or warrants.

## DIRECTORS HOLDING OFFICE

Barramundi's directors as at 30 June 2022 were:

- R A Coupe (Chair)
- C A Campbell
- D M McClatchy
- F A Oliver

During the year, David McClatchy was appointed as an independent director (effective 1 July 2021) and Carmel Fisher retired as a director (effective 6 August 2021).

On 18 January 2022, Alistair Ryan (Chair of Barramundi since 2012) announced that he would not be seeking re-election at this year's annual meeting and retired from the board, effective 1 June 2022. Andy Coupe, an independent director of Barramundi since 2013, succeeded Alistair Ryan as Chair from 1 June 2022.

On 14 March 2022, the board of Barramundi announced the appointment of Fiona Oliver as an independent director, effective 1 June 2022. In accordance with the Barramundi constitution and NZX Listing Rules, Fiona Oliver will stand for election at the 2022 Annual Shareholders' Meeting.

In accordance with the Barramundi constitution and NZX Listing Rules, David McClatchy was elected as a director at the 2021 Annual Shareholders' Meeting and Carol Campbell was re-elected as a director at the meeting.

## DIRECTORS' INDEMNITY AND INSURANCE

Barramundi has arranged Directors' and Officers' liability insurance covering directors acting on behalf of Barramundi. Cover is for damages, judgements, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed while acting for Barramundi. The types of acts that are not covered include dishonest, fraudulent, malicious acts or omissions, and wilful breach of statute or regulations.

Barramundi has granted an indemnity in favour of all current and future directors of the Company in accordance with its constitution.

## STATUTORY INFORMATION CONTINUED

### DIRECTORS' RELEVANT INTERESTS

The following are relevant interests of Barramundi's Directors as at 30 June 2022:

R A Coupe	Kingfish Limited	Chair
	Marlin Global Limited	Chair
	Coupe Consulting Limited	Director
	Briscoe Group Limited	Director
	Television New Zealand Limited	Chair
	Public Media Establishment Board	Director
C A Campbell	Kingfish Limited	Director
	Marlin Global Limited	Director
	T&G Global Limited	Director
	Hick Bros Holdings Limited & subsidiary companies	Director
	Woodford Properties 2018 Limited	Director
	alphaXRT Limited	Director
	New Zealand Post Limited	Director
	Kiwibank Limited	Director
	Asset Plus Limited	Director
	Nica Consulting Limited	Director
	NZME Limited	Director
	Cord Bank Limited	Director
	T&G Insurance Limited	Director
	Bankside Chambers Ltd	Director
	Chubb Insurance New Zealand Limited	Director
D M McClatchy	Kingfish Limited	Director
	Marlin Global Limited	Director
	Guardians of NZ Superannuation	Director
	Trust Investment Management	Director
F A Oliver	Kingfish Limited	Director
	Marlin Global Limited	Director
	Gentrack Group Limited	Director
	First Gas Group	Director
	BNZ Life Insurance Limited	Director
	BNZ Insurance Services Limited	Director
	Freightways Limited	Director
	Wynyard Group Limited (in liquidation)	Director
	New Zealand Water Polo	Director

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## AUDITOR'S REMUNERATION

During the 30 June 2022 year, the following amounts were paid/payable to the auditor, PricewaterhouseCoopers New Zealand.

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	<b>\$000</b>
Statutory audit and review of financial statements	48
Other assurance services	0
Non assurance services	0

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PricewaterhouseCoopers New Zealand is a registered audit firm and its audit partners are licensed auditors under the Auditor Regulation Act 2011.

## DONATIONS

Barramundi did not make any donations during the year ended 30 June 2022.

# DIRECTORY



## REGISTERED OFFICE

**Barramundi Limited**  
Level 1  
67 – 73 Hurstmere Road  
Takapuna  
Auckland 0622

## DIRECTORS

**Independent Directors**  
Andy Coupe (Chair)  
Carol Campbell  
David McClatchy  
Fiona Oliver

## CORPORATE MANAGEMENT TEAM

Wayne Burns  
Beverley Sutton

## NATURE OF BUSINESS

The principal activity of Barramundi is investment in quality, growing Australian companies.

## MANAGER

**Fisher Funds Management Limited**  
Level 1  
67 – 73 Hurstmere Road  
Takapuna  
Auckland 0622

## SHARE REGISTRAR

**Computershare Investor Services Limited**  
Level 2  
159 Hurstmere Road  
Takapuna  
Auckland 0622  
Private Bay 92119  
Auckland 1142  
Phone +64 9 488 8777  
Email: [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)

## AUDITOR

**PricewaterhouseCoopers New Zealand**  
Level 27  
PwC Tower  
15 Customs Street West  
Auckland 1010

## SOLICITOR

**Bell Gully**  
Level 21  
48 Shortland Street  
Auckland 1010

## BANKER

**ANZ Bank New Zealand Limited**  
23 – 29 Albert Street  
Auckland 1010

## FOR MORE INFORMATION

For enquiries about transactions, changes of address, and dividend payments, contact the share registrar above. Alternatively, to change your address, update your payment instructions, and to view your investment portfolio including transactions online, please visit: [www.investorcentre.com/NZ](http://www.investorcentre.com/NZ)

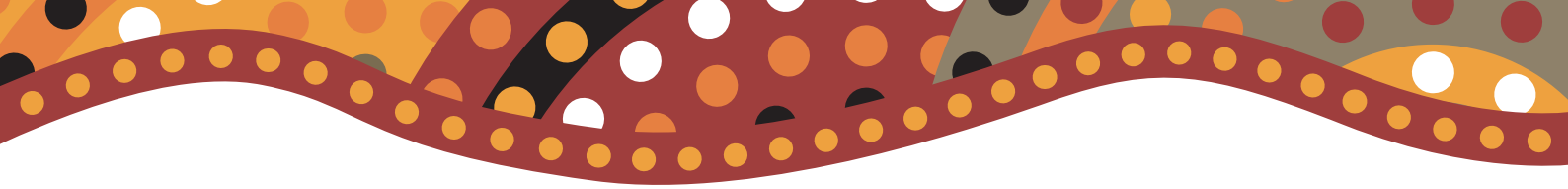
## FOR ENQUIRIES ABOUT BARRAMUNDI CONTACT

**Barramundi Limited**  
Level 1, 67 – 73 Hurstmere Road, Takapuna, Auckland 0622  
Private Bag 93502, Takapuna, Auckland 0740  
Phone: +64 9 489 7074 | Email: [enquire@barramundi.co.nz](mailto:enquire@barramundi.co.nz)

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Barramundi

LANDING TOMORROW'S TROPHIES

